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How Much Does Global Warming Matter?

Wilfred Beckerman & Jesse Malkin

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BOOKS IN REVIEW

Diana Schaub on Allan Bloom
Glenn C. Loury on Stephen Carter
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How much does global warming matter?

WILFRED BECKERMAN & JESSE MALKIN

MORE THAN A BILLION people in developing countries have no access to safe drinking water, and at least twice that many have no access to adequate sanitation. Consequently, between 1 and 1.5 billion people suffer from water-related diseases such as schistosomiasis, hookworm, and diarrhea. Infant mortality attributable to diarrhea is estimated to be about 5 million per year.

But the environmental problems that dominate the media, that are given the most attention by environmentalist pressure groups, and that capture the imagination of the public, are the melodramatic issues. The myth of "scarce resources" is one, and was exposed in these pages by Stephen Moore (Winter, 1992). Another is global warming—"the highest-risk environmental problem the world faces today," according to Vice President Al Gore. The public is bombarded by television images showing the earth surrounded by a layer of "greenhouse gases" (GHGs) that allow the sun's energy to penetrate, but block much of the outgoing radiation from the earth's surface. These images are accompa-

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nied by dire predictions that we shall all frizzle up and that the world will become a desert—despite concurrent predictions that rainfall will increase and sea levels will rise. Such scenarios of global warming are much more exciting for the viewer than pictures showing that what the world's population needs most are more lavatories and better sewage systems.

I.

The "consensus" opinion on climate change, as embodied in the 1990 report of the International Panel on Climate Change (IPCC), is that a doubling of equivalent carbon dioxide (an index that summarizes the effect of all man-made GHGs), is likely to occur within the next fifty years if nothing is done to reduce CO_2 emissions. Because of the time lags in the dynamics of climate change—notably those caused by the inertia introduced into the system as a result of the absorption of carbon dioxide by the oceans—the temperature increase associated with this warming commitment would not be realized until approximately 2100. At that point, the global mean surface temperature is predicted to increase by between 2° and 5° Celsius.

This conclusion has not gone unquestioned. To be sure, the scientific work that has gone into climate modeling represents a major intellectual achievement. Yet it is widely recognized that these estimates have a wide margin of error and that there are still great gaps in our understanding of how the climate is determined. The IPCC report itself contains hundreds of pages of misgivings about the potential temperature increase, and many climatologists have expressed skepticism about the reliability of the global climate models that forecast significant warming.

For example, equivalent CO_2 levels have increased by over 40 percent during the past 100 years, yet the climate has not responded in the manner predicted by the models. Consider the following anomalies:

•The amount of global warming that has occurred over the past century—roughly .45°C—is at least a factor of two less than that predicted by the most sophisticated models.

•The Northern Hemisphere, which the models say should have warmed more rapidly than the Southern Hemisphere, is no warmer than it was a half century ago.

•The models say warming should occur as a result of GHG

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buildup, but most of the warming during the past 100 years occurred prior to World War II—*before* most of the GHGs were emitted.

Clearly a dose of skepticism is warranted. But let us suppose that the skeptics are wrong—suppose the earth's temperature does rise by somewhere between 2°C and 5°C. How damaging is this likely to be?

II.

There is one simple piece of evidence, which does not require vast computerized models of the world's climate or economy (our understanding of both being extremely limited), and which does at least refute the widespread notion that the human race is some tender plant that can only survive in a narrow band of plus or minus 3°C. This is the present dispersion of the world's population throughout widely different temperature zones. For example, taking the average temperatures in the coldest month in the countries concerned, 32.3 percent of the world's population lives in a band of 0°C to 3°C, whereas 18.8 percent live in a band of 12°C to 15°C, and 14.6 percent live in a band of 24°C to 27°C. Furthermore, across the world as a whole there appears to be no correlation at all between average temperatures and income levels (even excluding the Middle Eastern oil states).

Of course, it will be argued that such cross-country comparisons do not adequately take into account the difficulty of adjusting to relatively rapid changes in temperature. There is some truth in this. But as the distinguished economist Thomas Schelling has observed, the sort of rapid climate changes experienced throughout history by vast migratory movements of population were far greater than those predicted to occur during the next century as a result of global warming. The human race has always been a highly adaptable species, and is likely to become increasingly so, since most of its adaptability comes from its accumulation of technical knowledge.

Similar back-of-the-envelope calculations show that, for the United States at least, global warming could hardly have a significant impact on national income. For the sector most likely to be affected is agriculture, which constitutes 2 percent of U.S. gross domestic product (GDP). Most other sectors of economic activity are not likely to be affected at all, and some, such as

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construction, will probably be favorably affected. So even if the net output of agriculture fell by 50 percent by the end of the next century, this is only a 1 percent reduction in GDP.

Anyway, the net effect on U.S. agriculture is more likely to be negligible. In the northern states, growing periods would be longer and there would be less disruption by frosts. Further, the predicted rise in carbon dioxide—the most important greenhouse gas leading to global warming—is actually good for plant growth. Authoritative estimates put the impact on the net output of U.S. agriculture at somewhere between plus and minus $10 billion. Even the worst end of this range, minus $10 billion, is a trivial part of a U.S. GDP, of about $6 trillion.

Similar estimates for the world as a whole (which, as far as we know, were not done on the back of an envelope) also show that agricultural output in some countries will be favorably affected by global warming, whereas others will lose; and that, on balance, the net effect is likely to be negligible. Of course, the effects depend partly on how climate change affects the regional distribution of rainfall. But this is even more difficult to predict than is the global climate change.

All in all, such estimates as have been made of the overall effect of a doubling of the CO_2 concentration on the world economy suggest that world output would be reduced by about 1 or 2 percent. Suppose that these estimates are much too conservative—as they may well be given that the models on which they are based are extremely shaky. Suppose instead that world output would be reduced by 10 percent by the end of the next century below what it otherwise would be.

Well, what would it otherwise be? Over the whole period 1950 through 1985, the annual average compound rate of growth of world output *per head* has been 1.9 percent. Given that the rate of growth of world population is slowing down and that, at the same time, there has been a rapid increase in the proportion of the world's population receiving higher education or engaged in scientific research—the mainsprings of technical progress—there is good reason to believe that this growth rate will be at least maintained, if not increased. But suppose that it is only, say, 1.5 percent a year. This means that by the year 2093 world output per head will be 4.4 times as great as it is now. If global warming cuts world GDP by 10 percent, then instead of it being

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4.4 times as great as it is now, it would be only 3.96 times as great. Would this be such a disaster? Would it justify imposing vast costs on the present generation rather than devoting more resources to helping developing countries overcome the environmental problems that they are facing today?

III.

So far we have limited our discussion to the effect of global warming on agriculture, since this is the most vulnerable sector. But what about sea level rise, the other eco-catastrophe most frequently associated with global warming?

In 1980 scientists predicted that global warming would lead to a sea level rise of as much as 8 meters. In early 1989 the prevailing estimate was down to about 1 meter. By 1990 (as in the IPCC report) the predicted sea level rise was about 65 centimeters, and current authoritative estimates put it as low as about 30 cm by the end of the next century, assuming a 4°C rise in average temperature by then. (If one were to extrapolate from trends in these estimates, the sea level would be predicted to fall, with consequences for many seaside resorts that would be as serious as sea level rises!)

But even if sea levels did rise appreciably, the economic consequences would not be disastrous. A few years ago, when the sea level was still predicted to rise by 1 meter, the U.S. Environmental Protection Agency estimated that it would cost about $100 billion to protect U.S. cities by building sea walls. Applying a 1.5 percent a year annual growth rate to the present U.S. GDP of $6 trillion gives a GDP of $26.2 trillion in 2093; so as a fraction of GDP in the year 2093, the once-and-for-all capital cost of the sea walls would be about .38 percent. As a fraction of cumulative GDP over the whole of the next 100 years—the time during which the work would have to be carried out—the amounts involved are, of course, trivial.

What about the rest of the world? Estimates by William Cline of the Institute for International Economics, also assuming a 1 meter rise in the sea level and that the costs of sea walls for other threatened coastal cities are comparable to those of the U.S., show costs of adaptation, plus the value of land lost in coastal areas, of about $2 trillion. On the above assumption concerning the growth rate, world GDP in the year 2093 will be

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about $115 trillion—so the one-time capital cost of the sea walls would still be only about 1.7 percent of one year's GDP. As a fraction of cumulative GDP over the whole period it would still be negligible. Given that the latest predictions of the rise in the sea level are about one third of those assumed in these estimates and that a given reduction in the estimated sea level rise implies more than a proportionate reduction in the costs of adaptation or the damage done through land loss, the costs for the world as a whole would be insignificant even if the above estimates are way off.

Now that may be very well for the world as a whole, but it is little consolation to the people of Bangladesh, where 20 percent of the land could be lost under the sea with a 1 meter sea level rise. But leaving aside the falling trend in the estimate of sea level rises, suppose, purely for the sake of illustrating the logic of the choices to be made, that measures to prevent the climate change and the consequent sea level rise would cost the world community $20 trillion—i.e. ten times as much as the cost of protection against the rising sea level. It would clearly be in everyone's interest, including the Bangladeshis', to strike some sort of a deal. For example, instead of incurring $20 trillion in costs to prevent the climate change and the associated sea-level rise, the rich countries would do better to hand over, say, a quarter of the resulting economy—that is, $5 trillion—to the people who would suffer from the sea-level rise. The Bangladeshis would then gain $5 trillion to carry out work costing only $2 trillion, and the rest of the world still saves $15 trillion.

In other words, the course of action that is being urged by environmentalists—to prevent rising sea levels at any cost—would mean that the world is being asked to incur costs of $20 trillion—or whatever the cost would be—to prevent the Bangladeshis from suffering the effects of the sea level rise when there would be a much cheaper way of sparing them from these effects. Developed countries could, for example, help Bangladeshis move away from threatened coastal areas, diversify their economy, or take some other protective action. They might even consider making it easier for Bangladeshis to export goods and emigrate. The point is that adaptation should not be viewed as an impossibility. After all, over half the population of the Netherlands and virtually all the people in Amsterdam live below sea level.

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If the estimates of the costs involved in significant reductions of CO_2 emissions referred to above are anywhere near reality, it is clear that the world and the Bangladeshis would be far better off if adaptive policies were taken rather than drastic action to prevent threatened rises in sea levels. In any event, since it is suspected that far more land is being lost to soil erosion than through climate change, there are policies that could be undertaken to reduce land loss without draconian cuts in carbon dioxide emissions.

IV.

But what would it cost to implement CO_2 cuts by the most economical means, and how would one do it? One view, espoused by the Clinton administration among others, is that cuts can be achieved at no cost whatsoever to the public or private sector. The White House insists that its "Climate Change Action Plan," a collection of mostly voluntary public-private partnerships which purports to stabilize greenhouse gas emissions at 1990 levels by 2000, will save the private sector $207 billion in reduced energy costs by 2010.

Most economists, however, believe the administration is relying on astonishingly optimistic assumptions about energy savings. The reason is simple: If energy-efficiency investments really yield such fantastic returns, businesses and individuals would undertake them without the government's push. To accept the administration's savings estimates, one would have to believe that firms are very stupid indeed.

As many disappointed environmentalists have noted, voluntary measures of the sort in Clinton's plan are likely to have only a very limited effect on greenhouse gas emissions. Deep cuts will require stronger government action, namely a carbon tax or a system of internationally tradable emissions permits.

Making a rapid transition to a less carbon-intensive economy would be painful, but just how much so is unclear. The uncertainties about the magnitude of the costs are as great, if not greater, than those embodied in the scientific models to predict climate change. Nobody can predict with much accuracy the future pattern of economic growth over the next century in a manner that enables one to say how much fossil fuel would be burned and hence how much needs to be done to reduce fossil

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fuel use by any given amount. Nor can anyone say with any degree of reliability how sensitive the consumption of fossil fuels is to different levels of carbon taxes. The impact of carbon taxes depends in large part on the degree to which carbon-free energy sources like nuclear, wind energy, and photovoltaics become cheaper and easier to use than their fossil rivals.

Finally, there is the huge question of what is done with the revenues raised by carbon taxes. If they are refunded to the economy in a way that merely changes the pattern of fuel use rather than exerting a depressive effect on the economy as a whole, the effect could well be favorable. For example, there is a strong case for reducing government subsidies to the coal and oil industries apart from any considerations about global warming. If the savings from the elimination of those subsidies were used to pursue growth-enhancing policies, so much the better. If, on the other hand, carbon taxes were used to fund extra entitlements or low-return government "investment" programs, the effect would more likely be negative. A tax on a basic input to the economy, which is what fossil fuels are, could have a far more serious impact than other taxes such as those that are levied on different items of consumer expenditure, such as cigarettes or beer.

Vast computerized models tend to blind people with science and impress grant-giving institutions. Most of them produce a maximum amount of statistical "results" with a minimum input of ideas or insight. The estimates that they churn out of the cost of measures designed to cut CO_2 emissions are highly uncertain. Inevitably, different models lead to widely different results. But for what they are worth, it seems that the cost of freezing CO_2 emissions at 1990 levels would be somewhere in the region of 2 percent of output per year in advanced industrial countries and perhaps twice that in developing countries, which have fewer financial and technological resources with which to adapt. To put that in perspective, 2 percent of current U.S. GDP is about $120 billion. The large magnitude of the costs is not surprising since, again, it seems obvious—even without the aid of any sophisticated computerized models—that, if carried out quickly, a drastic cut in the use of fossil fuels would cause severe economic disruption.

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V.

The above discussion of the damage that might be done by a doubling of present concentrations of carbon in the atmosphere considers only the costs over a 100-year period. Some economists have pointed out that there is no reason to confine the analysis to a single century. Fossil fuels will probably continue to be used well after the year 2100, so it is likely that there will be greater atmospheric build-up of CO_2 and more global warming than that indicated by the century-long models. William Cline, for example, has shown that over a period of three centuries, atmospheric concentration of CO_2 might increase eight-fold and temperatures might rise 10°C to 13°C or more unless action is taken to reduce carbon dioxide emissions. This, he argues, could lead to a reduction of world GDP on the order of 10 percent.

Of course, the further one projects into the future the more uncertain the already shaky projections become. There have been vast technological changes in energy use in the last century. And these will probably be dwarfed by the changes that will take place in the next three centuries, during which an incomparably greater number of people will be engaged in technological and scientific research all over the world. Hence, nobody can suppose that the world of the 23rd century will bear much resemblance to the world that we know today. It is most unlikely that energy will still be produced on a large scale by the use of dirty and polluting substances such as coal.

One need only look at the past to see how difficult it is to make predictions over hundreds of years. Who could have predicted three centuries ago that sources of power would shift from wind, water, and wood to coal, oil, natural gas, and nuclear energy? Who could have imagined that modern gas-fired, combined-cycle power plants would be about ten times as energy efficient as power stations built at the beginning of the century, or that the thermal efficiency of steam engines would be about forty times that of the earliest engines, or that the most advanced fluorescent lights would be 900 times more energy efficient than the original kerosene lamp?

And progress is now being made in developing viable forms of renewable energy that emit no carbon at all. These include the photovoltaic cells that convert sunlight directly into storable electricity. They are regarded as having great promise for local

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power generation in developing countries. During the past twenty years the cost of photovoltaic-generated electricity has fallen from about $60 per kilowatt hour to about 30-50 cents, and is expected to fall to about 12-16 cents within the next few years as a result of further efficiency improvements that are already in the pipeline. Industry analysts say costs could go as low as 6 cents per kilowatt hour by 2020, little more than the price of electricity from a coal-fired station.

Similarly, the cost of wind-generated electricity has dropped from 50 cents per kilowatt hour in 1975, to 25 cents in 1980, to 7-9 cents in the best locations today. A new wind turbine under development is expected to bring costs down to 5 cents or less. The U.S. Department of Energy projects that over the next twenty years, costs in moderately windy sites could fall to 3.5 cents per kilowatt hour. Wind power's contribution will ultimately be limited by the number of suitable sites. The German Future Energies Forum, an energy research group, estimates that wind power can meet no more than 15 percent of the world's energy requirements.

Then there is always the possibility of a breakthrough in geothermal, solar thermal, hydrogen fuel, or nuclear fusion technology. It is impossible to determine the ultimate potential of technologies that are barely off the drawing board, but it would be foolishly pessimistic to assume that none of these carbon-free technologies will ever become cost-competitive with fossil fuels.

Even without any significant recourse to the many forms of renewable energy under investigation, there have been major reductions in the ratio of both energy use and carbon emissions to GDP. For example, from 1950 to 1985 the rate of growth of CO_2 emissions in the US was 1.9 percent a year, compared with a growth of GDP of 3.2 percent a year. This means that there was a 1.3 percent a year fall in carbon emissions per unit of GDP over the period 1950-1985. This is accounted for by a 0.8 percent a year decline in the rate of energy use per unit of output and a 0.5 percent a year decline in the rate of CO_2 emissions per unit of energy.

Cline does not make explicit his assumptions concerning these two influences on the growth of CO_2 emissions in his predictions. But based on his projections of GDP growth and CO_2 emissions, it is possible to work out what assumption is implied.

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It appears that he is assuming that the carbon emissions per unit of GDP will fall by only about 0.7 percent a year in the latter half of the twenty-first century—i.e. only about half the rate of decline in the U.S. between 1950 and 1985. Further, his estimates imply that the ratio of carbon emissions to GDP will fall even more slowly thereafter, and will actually rise during the last 75 years of the period covered in his projections.

Cline also assumes that every carbon dioxide molecule released into the atmosphere stays there for the duration of his three-century model. Calculating the effective lifespan of carbon dioxide is complex because CO_2 molecules are constantly exchanged between the atmosphere, the oceans, and the biosphere. Yet according to the IPCC Scientific Assessment, the "lifetime" associated with an individual CO_2 surge is only 50 to 200 years.

Adjusting Cline's assumptions yields dramatic changes. If we assume (a) that CO_2 molecules have an average lifespan of 100 years in the atmosphere and (b) that the amount of carbon emissions per unit of GDP declines 1.3 percent a year, both the CO_2 build-up and the warming projections become far less ominous. Instead of Cline's assumed eight-fold increase in carbon dioxide, there would be only about a one-and-a-half-fold increase. And the temperature increase resulting from this carbon build-up falls from between 10°C and 13°C to just 2°C. Even allowing for a generous margin of error, it would seem that Cline's projections are terribly pessimistic.

VI.

Assessing carbon abatement measures requires the comparison of costs and benefits over very long periods of time. This raises an important question: How is a benefit enjoyed in many years' time to be compared with a benefit enjoyed immediately? Most people would be unwilling to exchange $1.00 for, say, only $1.02 in one year's time—even if the $1.02 were indexed for inflation.

The need to discount the future at some rate of interest implies that the benefits in two or three centuries' time of abating GHG emissions now would have to be astronomic to justify significant current sacrifices. In fact, for almost any discount rate at all, what happens in the twenty-third century is of almost *no* importance. For example, if future costs and benefits are

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discounted at 2 percent a year—which is well below what most people would expect to earn on their investments, even net of tax and inflation—$1 of cost or benefit in 200 years' time would have a present value today of only 1.9 cents. In other words, if the damage done by global warming in 200 years' time were to be $1,000 billion, it would not be worthwhile taking steps to avoid it if the cost of doing so today would be greater than $19 billion. If a more conventional discount rate were used—say, 6 percent—it would not be worthwhile taking steps to avoid $1,000 billion of damage in 200 years' time if the cost of doing so today exceeded only $8.7 million.

People discount the future for two types of reasons. First, many people simply prefer to consume resources now rather than in the future. This "time preference" generally arises from any of three motives, namely (a) the risk that one might not survive to reap the future rewards for sacrifice of consumption today; (b) an expectation that future consumption levels will be higher (combined with the usual assumption of diminishing marginal utility of consumption), and (c) "pure" time preference—e.g., sheer impatience, or lack of imagination.

But even an individual who had no *basic* time preference whatsoever—who had no worry that her investment might not pay off, who did not expect to be richer, and was not impatient—would still not lend $1 now for $1 next year (leaving aside personal motivations, such as helping out a friend). The reason for this is that she would know that any old fool can get a better rate of return on the market. She would lend, therefore, up to the point where *at the margin* the rate of return she could get on her savings and investments would be equal to the relative valuation she places on consumption today as against consumption tomorrow. The same principle applies—with a few adjustments—to society.

In other words, the use of a discount rate in allocating investments today between alternative uses does not reflect any tendency by economists to attach less value, per se, to future *welfare*. On the contrary, a unit of *welfare* in 200 years' time is given the same value as a unit of welfare today. But, if technological progress and economic growth continue, a unit of *consumption* in 200 years' time will give a smaller unit of welfare than it does today. Taking account of the discount rate when

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choosing between projects is a technique designed to maximize welfare over the whole time period regarded as relevant. To invest in some environmental project that yields only, say, a 1 percent rate of return, when there are alternative projects around that will yield, say, 5 percent, would leave future generations much worse off than they could otherwise have been.

The simple answer, therefore, to the criticism that, by discounting, one is being unfair to future generations is this: If, Heaven forbid, there were some leap in medical science so that we all now expected to live for 300 years, *we would still use the discount rate in our savings and investment decisions*. So, as a result of our doing so today (when we do not expect to survive for centuries), future generations are left no worse off than we would be if it were us who were to be alive in 200 years' time, not them. Hence, it is absurd to argue that we are somehow or other being unfair to them.

In short, the widespread environmentalist attack on the validity of time preference is a vast red herring. What matters is the rate of technological progress and economic growth that one can expect to take place. As we have argued, there are good reasons for expecting this to be as rapid in the future as in the past. Of course, if it is expected to slow down to zero, or become negative—which is not beyond the bounds of possibility—one should adopt a zero or negative discount rate for later years. But a case should be laid out for such a prediction. The "immorality" of time preference has nothing to do with it.

VII.

Global warming may be a problem, but it is no cause for undue alarm or drastic action. There is plenty of time to improve our understanding of the science and scrap policies that encourage economically inefficient uses of fossil fuels. It does not justify diverting vast amounts of time, energy, and funds from more urgent environmental problems, particularly those in developing countries. Nor does it justify a massive diversion of resources from high-yield projects in the private sector. We are not on the edge of an abyss and the human race is not facing destruction from the accumulation of greenhouse gases. There is far less danger of the human race being wiped out on account of the conflict between Man and the Environment than on account

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of the conflict between Man and Man (or Woman and Woman). Global warming is far more glamorous and telegenic, of course, than the need for better toilets and drains in the Third World. But if we truly care about the welfare of our fellow world citizens, it is these kinds of environmental issues upon which we must focus our attention.

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The school choice fiasco

MYRON LIEBERMAN

ON NOVEMBER 2, 1993, California residents voted on Proposition 174, a state initiative that would have provided pupils with "scholarships" (vouchers worth at least $2500) that could be applied to the cost of attending any private school. The initiative also would have permitted students to transfer into any public school, up to the limit of its capacity. The vote on Proposition 174 was 1,452,392 (30 percent) "Yes" to 3,336,763 (70 percent) "No," a margin of defeat that raises serious questions about the value of earlier polls in California and elsewhere that showed a majority of parents and voters in favor of school choice. In 1990 and 1992, similar state initiatives in Oregon and Colorado also lost by large margins, continuing a long series of setbacks for school choice.

In this article, I propose to analyze the reasons for this pattern of defeats. Let me begin by summarizing a post-election analysis by Dr. James Guthrie, a co-director of California Policy Analysis for Education (PACE), an organization supported jointly by the University of California and Stanford University. In Guthrie's view, the Proposition 174 campaign was:

1) Internally disorganized.
2) Unable to raise the funds required for a successful campaign.

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3) Without support from business or the Republican Party.
4) Based on a hastily drafted initiative that included several major flaws.

In Guthrie's view, the question to be asked is not why Proposition 174 was defeated but how an initiative with so many major weaknesses managed to attract so much national attention and frighten the public school establishment into raising $16 million to defeat it. Although my analysis differs in some important respects from Guthrie's, his analysis is a useful point of departure.

Indisputably, the Republican Assembly caucus and the business community failed to support Proposition 174. Only one Republican state-wide office holder, Attorney General Dan Lungren, endorsed the initiative. Governor Pete Wilson opposed it, as did many Republicans in the California legislature.

Why the absence of Republican support? Perhaps one incident will help explain. Tom Campbell, who lost a close Republican primary for the U.S. Senate in 1992, was a candidate for the California Senate when he announced his support for Proposition 174. The California Teachers Association (CTA) then threatened to run one of its officers and "saturate the area" with money and campaign workers in an all-out campaign. Campbell, a Stanford University law professor, thereupon let it be known that after reading the initiative more carefully he had decided to oppose it.

One reason Campbell preferred to switch instead of fight is that education is not a major concern of the Republican Party. The Republican National Committee (RNC) does not employ a single staff member who is assigned to, or equipped to advise Republican candidates on, educational issues. One incident is especially revealing. The National Education Association is the nation's largest teacher union. About 40 percent of its 2.1 million members identify themselves as Republicans. At the NEA's 1991 convention, the *twenty* or so members of the Republican Educational Caucus (NEA-REC) voted to inform the RNC of the group's position on choice. The caucus draft was submitted for review to an NEA staff member who is assigned to the Republican members of Congress. Not surprisingly, the caucus statement was a faithful rendition of the NEA's opposition to school choice. In the context of an organization representing

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over 2 million members with enormous political resources, the incident reflects a political wipeout, but it was hardly unique in terms of the Republican outreach in the teacher unions. NEA-REC is essentially the same group as the Teacher Advisory Council (TAC) in the RNC. TAC is scheduled to meet in January 1994 for its first conference in three years away from the NEA conference; difficult as it may be to believe, the conference will be held at the NEA building and the NEA is paying the travel expenses of members of the council. In other words, NEA-REC and TAC are vehicles for extending NEA influence in the Republican Party. They do not function even marginally as means of disseminating Republican positions among the union's ranks.

Business support for Proposition 174 was also weak. Despite the fact that prominent businessmen were instrumental in launching Proposition 174, it attracted more business opposition than support. Inasmuch as business dissatisfaction with public education is broad and deep in California, the lack of business support was remarkable. Clearly intimidation was one factor. When the owner of a restaurant chain in Southern California contributed $25,000 to the campaign, his name was unwisely listed on the letterhead of the campaign organization. Soon thereafter, threats to boycott the chain rolled in despite CTA claims that it would not engage in such tactics.

Another explanation is that business leaders did not want to jeopardize their state legislative agenda by supporting Proposition 174. Still another is that business leaders were concerned about the fact that the initiative did not include safeguards on curriculum, teacher qualifications, teacher testing, and public disclosure. The extent to which this was true is debatable, but some supporters of Proposition 174 believe in it strongly enough to be drafting a new initiative that includes these alleged safeguards. These supporters interpret the election results as evidence that the public will not accept a free market model but will accept a regulated voucher plan. I do not share this point of view, but if it is valid, it suggests a problem. The fundamentalist Christian denominations operate a large number of denominational schools in California and elsewhere. This group is adamantly opposed to government intrusion in or regulation of their schools and might defect from a coalition that accepted more than minimal regulation of voucher-redeeming schools.

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Other reasons

The defeat of Proposition 174 was so overwhelming that it is very difficult to assess the importance of any particular contributing factor. Nevertheless, a personal experience supports Guthrie's criticism that the initiative was indeed hastily drafted. In 1991, I attended a meeting of the Excellence through Choice-in-Education League (ExCEL) at which then-State Superintendent Bill Honig tried to persuade the league to drop the initiative; in return, Honig offered to support an initiative providing public school choice. Honig's offer was rejected despite his explicit reference to $10 million in hand to defeat the initiative. The next day I met with a member of ExCEL's executive committee to discuss a draft of the initiative. In the course of our discussion, I suggested that the initiative include some teacher benefits. The suggestion was based on the approach adopted by the Thatcher government in privatizing nationalized industries in the United Kingdom. To weaken employee and union opposition, the government offered shares in the newly privatized companies at a deep discount. The likelihood of profiting from privatization was an employee incentive to support it; it was also a safeguard against renationalization in the event that the Labor Party regained control of the government.

Remarkably, none of the political experts advising the Proposition 174 campaign suggested the initiative include tangible benefits for significant numbers of public school teachers. Of course, Proposition 174 could not offer stock at a deep discount to school district employees. Nonetheless, if the strategy was sound, it would have been easy to implement. For example, the initiative might have included sweeteners for early retirement or the continuation of health benefits or other benefits of this nature.

My conferee agreed that the suggestion had merit; within days, I received a new draft that included an early retirement benefit. The problem was that it lacked any actuarial or demographic basis whatsoever. To be implemented properly, a benefit of this type must take into account the age composition of school district employees, the proportion likely to take advantage of the benefit, and the estimated costs of their doing so. The absence of such data, especially on costs, rendered the initiative highly vulnerable, hence I suggested that these matters be resolved before including the benefit. The response was that it could not

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be done within the deadline set for the submission of the initiative. My advice was to drop the suggestion entirely and, for whatever reason, it was dropped from the initiative.

Regardless of whether a free market initiative is politically realistic, even the free market proponents of Proposition 174 concede that their initiative was deficient in some respects. I mention them here not because they were pivotal but because they may be under different circumstances.

1) The intent of the initiative was to provide each pupil who transferred to a private school with a $2,500 voucher; an additional $2,500 was to be returned to the state's general fund, where it might or might not be reallocated to public education. The wording of the initiative permitted the unfriendly interpretation that the public schools would lose $5,000 for each pupil who transferred from public to private school.

2) Basing its strategy on extensive polling, the CTA emphasized the tax implications of Proposition 174 from the outset. The initiative provided that pupils enrolled in private schools would begin to receive vouchers in 1994-95. Proponents of Proposition 174 claimed that the initiative would result in net savings for the state, but for this to happen, 860,000 public school students (16.6 percent) would have had to transfer to private schools to make up for the $1.08 billion shortfall that would result from giving vouchers to students already attending private schools. The opponents of Proposition 174 pointed out that private schools lacked the capacity to absorb anywhere near the requisite number of transferees from public schools; the counterargument that such capacity would emerge within a few years did not carry much weight with the electorate. In short, the immediate shortfall in public school revenues far overshadowed the claim that long-range tax savings would result from passage of the initiative.

The PACE analysis conceded that Proposition 174 would result in savings on capital outlays, but it declined to estimate their magnitude because of the uncertainties involved. Rightly or wrongly, however, many voters feared a large immediate shortfall in state expenditures. Actually, if not one pupil transferred from public to private school, Proposition 174 would have cost

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just 5 percent of the state's education budget, or 2 percent of the total state budget. Whether the budgetary argument was a good reason or simply an excuse to oppose the initiative, even its supporters agree in retrospect that more time should have been allowed before all pupils in private schools were entitled to scholarships.

3) Proposition 174 provided that any public school district that did not accept voucher-redeeming pupils would be required to enroll pupils from outside the district up to school capacity. This provision had a harmful effect in suburban school districts, which feared an influx of underclass students. Actually, experience with public school choice elsewhere demonstrates rather conclusively that such an influx would not have occurred. Students do not like to travel long distances and give up their friends, athletics, and extracurricular activities (participation means missing transportation back to their neighborhoods). Their parents, meanwhile, are less able to meet with teachers or attend PTA meetings, and cannot vote in the relevant school board elections. As a matter of fact, the percentage of minority students who transfer under public school choice is often much lower than the percentage of all students who transfer. School choice proponents imagine large numbers of inner-city pupils eager to attend the superior suburban schools now available only to families affluent enough to live in upper middle class suburbia. In the real world, the notion that such students and their parents would choose suburban over inner-city schools is contradicted by a wealth of evidence.

The Republican neglect of education mirrors its neglect by the conservative policy organizations in Washington generally. Most do not employ even one full-time person on educational issues. None who are so employed has a strong background in school administration or teacher union affairs. The National Right to Work Committee and the Public Service Research Council employ some staff members who are very knowledgeable about teacher unions; however, both groups are labor policy organizations whose major responsibilities are outside the field of education. Meanwhile, if we consider only the national offices of the NEA and the American Federation of Teachers (AFT), and leave out their state and local affiliates and all other organizations

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devoted to the interests of the public school lobby, we are looking at organizations whose combined annual revenues exceed $250 million and which employ about 800 workers geared to influencing federal officials and public opinion. This enormous disparity is even more pronounced at the state level, where most educational policy is enacted into law.

Although these disparities call for changes in conservative philanthropy, it is the absence of sophistication about public education and teacher unions and not the absence of funds that is the most critical problem. For instance, Yes on 174, the coalition organization supporting the initiative, published a brochure entitled "Five Reasons to Support Proposition 174." Reason No. 4 in the brochure reads:

> It derails the gravy train of educational fat-cat bureaucrats! Don't ask the teachers union about this one—talk to an individual teacher. Teachers know that the public school system isn't about educating kids any longer—it's about building empires, developing clout and ensuring bigger and bigger shares of the budget pie.

In fact, CTA polls showed that only 10 percent of the public school teachers supported Proposition 174. The CTA voted a special assessment on its 200,000 teachers solely to oppose it. The union had a goal of 1 million telephone calls by teachers, who volunteered for two- and four-hour phone shifts. The CTA also recruited large numbers of teachers to drive voters to the polls, and participate in walks and visits and demonstrations; in addition, it saturated its membership publications with dire forecasts of what would happen if Proposition 174 passed. To urge voters to ask individual teachers how to vote on Proposition 174 reveals an abysmal lack of sophistication about the opposition.

At the risk of belaboring the point, let me cite a few additional examples of conservative ineptitude. Proposition 174 was initiated informally in 1990. In the summer of 1993, I received a telephone call from one of ExCEL's earliest supporters and board members. The purpose of the call was to find out what interest groups the CTA had offended or opposed. The idea was that these groups might be sources of support for Proposition 174.

Aside from the fact that the idea was at least two years too late, the caller was not even aware of the existence of the CTA Handbook or the NEA Handbook. These publications include a wealth of valuable information about the unions. Your average

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high school football coach with one week to prepare for a game knows more about the opposition than did my caller, who had almost three years to prepare for an election challenging the most powerful political force in the state of California.

4) Since 1975, the NEA's governance structure and employment policies have included rigid ethnic quotas that pervade every aspect of union operations. As the NEA's largest state affiliate, the CTA is subject to these quotas. Yet while several ethnic minorities in California are repelled by quotas, the CTA/NEA adherence to them was not raised as an issue in the Proposition 174 campaign.

Of course, even if publicized adequately, the quota issue and many others of this nature would not necessarily have saved Proposition 174. The question, though, is whether they would be useful in a campaign that was competently directed and adequately financed. The point is that unless you are aware of the possibilities, you cannot tell whether they can be used effectively. That is why both sides use focus groups. Needless to say, however, focus groups respond only to issues and facts that are submitted to them. The proposition 174 campaign did not test voter reaction to certain negatives about its opposition because campaign staff were not aware of them.

A cavalier attitude toward opposition research was partly responsible for this situation. After failing to make use of academic supporters who volunteered to provide opposition research at no cost, the initiative campaign hired a consultant for this purpose in June 1993, just five months before the election. The campaign's indifference to opposition research was undoubtedly due to the experience of some initiative sponsors with term limits. Most of the movers and shakers in the launch of Proposition 174 had been activists for a successful term limits initiative in which they had been outspent by a wide margin. These activists appear to have assumed that Proposition 174 was akin to term limits; all that was necessary was to get it on the ballot and it would crush the opposition.

The future of school choice

Before turning to a more general discussion of the future of school choice, let me comment briefly on its future prospects in

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California. The California supporters of school choice are already discussing another initiative, and new ones have been submitted to the attorney general or are in the drafting stage. Despite the margin of defeat in 1993, some supporters of Proposition 174 believe that a new initiative would have shock value. Their view is that the teachers have just been assessed $57 and have contributed considerable time and effort to defeating Proposition 174. Conceivably, they would not be willing to do so again, if it comes to that. Perhaps not, but this seems to be another example of wishful thinking on the part of school choice partisans.

The teacher unions are adopting the public posture that the overwhelming defeat of Proposition 174 should preclude any choice initiatives in the near future. This is the hope, not the actual expectation of union leadership. In my view, however, several factors militate against even a 1996 effort in California. (1994 is widely regarded as too soon to lay the groundwork for a successful campaign.) The widespread feeling, both in California and elsewhere, is that school choice needs only one clear-cut victory to get off the ground in a big way. If this view is valid, and I think it is, the victory does not have to be achieved in California, which is the most expensive state in the union in which to achieve it. California has more television markets than any other state and television advertising is both crucial and expensive. In addition, a California campaign would be opposed by the state teacher union with the most initiative experience and the deepest pockets.

In addition, there are still deep strategic divisions among the supporters of Proposition 174. Some emphasize that the initiative was drafted by a small group that could not deliver any major constituencies. These contituencies were then asked to buy into an agenda in which they had no proprietary interest; presumably, they would have if they had been involved in the drafting stage. Obviously, the submission of new initiatives within days after the defeat of Proposition 174 shows that some of its supporters do not agree with this criticism. All in all, a school choice initiative elsewhere would seem to have better prospects, at least if the California supporters do not resolve the disagreements among themselves.

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The strategy

Let me now set forth the school choice strategy I regard as essential in view of the overwhelming defeats of Proposition 174 and its predecessors. This strategy must be based on a more comprehensive analysis of the stakes involved.

Although extremely important in its own right, school choice lies at the heart of perhaps the most critical political problem facing the United States. To appreciate this point, we must first take cognizance of basic changes in the U.S. labor movement. The fact that these changes are taking place in all western industrial democracies suggests that they are not easily avoided.

In 1953, public-sector unions comprised about 6 percent of the union movement. Today, with private-sector union membership in decline, public-sector unions enroll almost 40 percent of all union members. Their share is increasing and will continue to increase in the absence of a major reversal.

The interests and goals of public-sector unions differ dramatically from those of private-sector unions. The former support high taxes, and high levels of government expenditures. They are opposed to balanced budget amendments and requirements of supermajorities to raise taxes. They oppose privatization and contracting-out of public services, as they are bound to in order to maintain their immunity from competitive pressures. These objectives, however, are not in the interest of the private-sector unions. Their members are consumers, not producers, of government services. The school choice movement should exploit this fundamental cleavage between public- and private-sector unions.

The crux of the problem, and perhaps of the solution, is that the teacher unions are the core constituency of the Democratic Party. For all practical purposes, the NEA and AFT are affiliates of the Democratic Party, complete with the ethnic, victim, and special interest caucuses that dominate that party. About one in ten delegates to the 1992 Democratic National Convention was a member of the NEA or AFT. Teacher unions overwhelmingly support Democratic candidates at all three levels of government: national, state, and local. In the 1992 elections, 398 congressional candidates were endorsed by the NEA, and were supported by NEA-PAC contributions totaling $2,340,796. Of the candidates endorsed by NEA-PAC, 92 percent were Democrats and 7 percent were Republicans. NEA-PAC candidates for the

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House of Representatives won 71 percent of their races in the 1992 cycle.

The NEA's pro-Democratic tilt is just as evident in the elections to the U.S. Senate. In 1992, NEA-PAC endorsed and supported thirty-nine Senate candidates with contributions totaling $279,831. Of the candidates endorsed by NEA-PAC, thirty-eight were Democrats, while one was Republican. NEA-PAC candidates for the Senate won in 68 percent of their races. NEA-PAC also supports congressional candidates in primary elections; such support also goes almost exclusively to Democratic candidates.

Endorsements and contributions are not the only ways in which the NEA influences lawmakers. In 1989, it spent $7.4 million on a computerized system that sends letters to Congress from 300,000 NEA members who have pre-authorized the use of their names. There are also Congressional Contact Teams, consisting of two NEA members from each congressional district, who are encouraged to serve on the campaign staffs of candidates endorsed by the NEA. These individuals are specially trained as lobbyists, and flown to and from Washington to encourage congressmen to support NEA objectives. A satellite linkup between the NEA's television studio in Washington and its state affiliates is also available, and a full-time lobbying staff is on duty throughout the year.

It is impractical here to show the political clout of the state teacher unions, but a brief summary of CTA opposition to Proposition 174 is instructive.[1] For starters, the CTA assessed its 226,000 members $57 each as part of a plan to raise $12-15 million to defeat Proposition 174. Although members in some categories were not required to pay the full assessment, it appears that over 200,000 CTA members were subject to it. The assessment was in addition to regular CTA/NEA dues ($475 per year in 1993-94), some of which were spent on various staff activities devoted to defeating Proposition 174.

Most CTA funds were funneled through the PACs established to defeat Proposition 174 and were then spent on advertising. By mid-summer, with the election months away, the CTA had spent $1.9 million for a six week series of radio and TV advertisements

[1] For a more comprehensive summary of teacher union political organization and operations, see Charlene K. Haar, Myron Lieberman, and Leo T. Troy, *The Teacher Unions*, to be published in 1994.

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telling Californians that Proposition 174 would result in higher taxes and that it was a gamble with their children's futures. By late September, the CTA had spent another $4.7 million for radio and television advertising, whereas the Yes on 174 campaign had not even begun advertising. By mid October, "No" spots were airing six to ten times as often as the "Yes" spots.

The CTA also funded weeks of paid newspaper advertisements. In addition, press releases, news items, editorial commentaries, and letters to the editors of California's daily and weekly newspapers were frequently disseminated. A variety of CTA publications sent to members, such as *No on Vouchers, Chalk Talk, Election News*, and *Liaison News* (the CTA weekly newsletter), included updates about the union's activities and members' responsibilities relating to Proposition 174. The CTA also distributed fliers critical of Proposition 174 in at least seven languages. And if readers were not literate in Armenian, Chinese, English, Korean, Russian, Spanish, Tagalog ("Filipino"), or Vietnamese, the CTA was prepared to draft fliers in other languages as well. Meanwhile, the CTA's Ethnic Minority Affairs Committee successfully arranged denunciations of Proposition 174 as "racist" by prominent elected black leaders, and solicited statements of opposition from other ethnic leaders in the Hispanic and Asian communities, among others.

It should be emphasized that the CTA resources devoted to the actual election on November 2 were by no means all of the union's resources devoted to defeating Proposition 174. As early as 1991, the CTA contributed $430,000 in an effort to keep the voucher initiative off the ballot. Proposition 174 was originally scheduled to appear on the June 1994 California primary ballot with the following title: "Education. Scholarships. Parental Choice." This had been the proposal's working title for eighteen months, but after CTA attorneys argued that it was inappropriate, the state attorney general and secretary of state accepted the union choice: "Education. Vouchers. Initiative Constitutional Amendment." Significantly, the pollster for Yes on 174 has expressed the view that the change in title of Proposition 174 resulted in a 10 percentage point drop in support; clearly, the CTA legal maneuvers had political as well as legal objectives.

CTA's efforts to prevent Proposition 174 from appearing on the ballot are unique in the annals of California politics. As

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Proposition 174 supporters circulated petitions to get the measure on to the ballot, they were often challenged by anti-174 forces at sites where the petitions were made available for signatures. In fact, the California secretary of state refused to qualify the initiative for the November 1992 general election ballot for reasons that justify the conclusion of political bias. In addition, the president of one of the two companies in California that specialize in collecting signatures for initiative petitions submitted a sworn statement to a California court, asserting that he had been offered $400,000 to refrain from gathering signatures for the initiative. The offer was allegedly made by the signature-gathering firm employed by the CTA. In a statement distributed at the 1992 NEA convention, CTA president D.A. Weber explained the union's efforts to dissuade voters from signing the petitions:

> And you and I, the California Teachers Association, decided to do something very dramatic, something nobody had ever tried in the nine decades that the initiative has existed in this state. We decided to create an organized campaign to block an initiative from getting enough signatures to qualify for the ballot.
>
> We realized that we would be accused of acting in an "undemocratic" manner. What was wrong, after all, with letting the people vote on an issue?
>
> Our answer was firm: There are some proposals that are so evil that they should never even be presented to the voters. We do not believe, for example, that we should hold an election on "empowering" the Ku Klux Klan. And we would not think it's "undemocratic" to oppose voting on legalizing child prostitution. Destroying public education, in our view, belongs in that category.

Interestingly enough, the Ku Klux Klan was the main political sponsor of an Oregon initiative that would have required all pupils between eight and sixteen years of age to attend public schools. That initiative was ultimately declared unconstitutional by the U.S. Supreme Court in *Pierce v. Society of Sisters* (1925).

Although its huge size is unique among state teacher unions, the CTA is not necessarily the most powerful teacher union at the state level. The critical point is that the factors that enable the CTA to play such a pivotal role in state politics are just as applicable to other state teacher unions. For example, the non-cash contributions of teacher unions are vastly underestimated,

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even in states where their reporting is legally required. First, states vary in their reporting requirements. Second, it is practically impossible to monitor some contributions that must be reported, such as telephone time, meals and mileage, envelope stuffing, and postage. It is virtually certain that such contributions are underreported, since it is often the contributors who are responsible for valuing their contributions. Furthermore, many limitations on union political activity can be easily evaded or avoided. For example, in its campaign against Proposition 174, the CTA urged teachers to vote by absentee ballot so they could be free on election day to help with telephone banks, driving voters to the polls, and other election day activities of this nature. Aside from the cost to pupils who lost continuity in their educational programs, there was also a dollar cost that will not show up on any union or PAC budget. That cost was absorbed by the teachers who gave up a day of personal leave for campaign purposes.

Senior citizens and parents

Campaign strategy for school choice must also take into account the concerns of senior citizens more effectively than has been the case in the past. Seniors are a potential source of support for school choice, but they voted against Proposition 174 more consistently than any other interest group. Seniors typically have no idea of the actual environment of public schools. They think of schools in terms of their own experiences which, like mine, were mainly positive and supportive of free enterprise, traditional family values, and patriotic themes. But that was then and this is now; anyone who doubts this need only compare the policy resolutions adopted by the NEA to those of an earlier generation. The NEA that handed out free condoms to one and all at its 1991 convention is a far cry from even the NEA of the early 1980s.

In California, senior citizen opposition to Proposition 174 seems to have been based largely on tax considerations. The opponents of Proposition 174 emphasized that it would require higher taxes to make up for the scholarships going to students already enrolled in private schools. The rebuttal was that savings would accrue after a few years, but the immediate shortfall was undeniable, whereas the long range tax benefits were not politically

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persuasive.

The school choice movement must also reconsider its emphasis on the parents of school children as the movement's primary source of support. Two-thirds of voters do not have children in the public schools and a large proportion of those who do are satisfied, rightly or wrongly, with their children's schools. As I have pointed out elsewhere, the national Parent Teachers Association (PTA) is a classic case of a producer-controlled consumer organization; the PTA has never taken a position on a major issue contrary to the NEA's. Nonetheless, most parents would be shocked by teacher union proposals on parental rights; for example, the model teacher union contract disseminated by the CTA to its local affiliates would require parents to submit their complaints in writing within rather narrow time periods, would accord teachers the right to have a union representative present at hearings on parental complaints, and would otherwise render it all but impossible for many parents to submit a complaint or follow up on it. Nevertheless, in the entire campaign on Proposition 174, I was unable to find any reference to the CTA's proposed emasculation of parental rights. Future choice strategy should include a parent organization that is free of union domination, whether this is accomplished by takeover of the existing PTA or through establishment of a new organization. The best argument for such an organization is the CTA's own proposals on parental complaints.

In any event, the school choice movement must attract the active support of a wide range of interest groups that do not as yet clearly understand the issue's importance from the standpoint of their own priority interests.

A question that naturally arises is: What individuals and organizations could put together the coalitions that might enact meaningful school choice legislation? One untested possibility is Americans for School Choice, an organization launched in October 1993. Americans for School Choice plans to support school choice initiatives and legislative proposals in over twenty states in the next three years. The group was not involved, however, in the operation of the Proposition 174 campaign and so it would be premature at this point to assess its impact on the school choice movement; perhaps the most significant fact about the organization is that it reflects a financial commitment to the conviction

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that there is such a movement.

Americans for School Choice is not the only organization that is advocating school choice, but one bleak fact about all of them stands out; their leadership consists overwhelmingly of the same individuals who dominated educational policy in the Reagan and Bush administrations, and in the organizations that provided conservatives with educational policy leadership from 1980 to 1992. To be blunt about it, these leaders wasted good field position from 1980 to 1992. It was a period in which the teacher unions gained substantially in members, revenues, and political influence; in which it became more difficult to contract-out public school operations; and in which there was no effective strategy to take advantage of federal resources to build an effective school choice movement.

The defeat of Proposition 174 has convinced some choice proponents that the best strategy is to focus on a limited program and then expand it, just as other entitlement programs have been expanded in the past. In my opinion, this issue must be resolved on an ad hoc basis; union opposition will be just as strong and limited programs could lose as well as gain political support. Milton Friedman and others have argued that programs for the poor tend to remain poor programs; as evidence, they cite Medicaid, a program for the indigent that has not been expanded greatly over the years. In contrast, Medicare, which is a comprehensive entitlement program, has expanded substantially.

If the strategy is to enact a program that can be expanded, a voucher initiative limited to large school districts might be the best way to implement the strategy. Another alternative would be to permit vouchers as a local school board option; such an option would enable school boards to respond to unreasonable union demands by reducing the union's share of the educational market. Here, I shall confine my comments to the first alternative, which has attracted considerable informal support and would obviate several criticisms directed against school choice initiatives generally.

An initiative limited to large school districts would focus on the districts widely regarded as most in need of school choice. Such an initiative would not be especially expensive and the limitation would render it possible to increase the amount of the

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voucher. Furthermore, a large school district initiative would not arouse suburban fears and opposition, as public school choice often does.

Such an initiative would pose a dilemma for black political leaders, who play the empowerment game while thriving on teacher union support. To retain teacher union support (Jesse Jackson was one of three candidates endorsed for president by the NEA in 1988), black political leaders would have to oppose empowerment measures that would be very popular among their constituents, who make up the group most dissatisfied with public education. Obviously, one important question is whether such an initiative would be actively supported by other groups, such as fundamentalist Christians, who might not benefit directly. Pros and cons such as these do not exhaust the issues pertaining to school choice in large urban school districts; obviously, the feasibility of such an approach will vary widely from state to state and district to district. Rather than trying to go beyond the suggestion that school choice availability in large urban districts is worth consideration, let me emphasize that if the free-market and regulated-voucher wings of the school choice movement come to understand the larger stakes in the battle over school choice, they will reach agreement on a unified campaign. A market system of education may be politically feasible in some states; in others, a regulated voucher that can be redeemed by denominational schools may be all that can be achieved in the short run. In my opinion, the market model offers by far the best opportunity for a quantum improvement in outcomes and costs; nonmarket plans will bring about some improvement, but considerably less than a market system.

The critical point is that both positions would weaken the public-sector unions, especially the teacher unions, and hence the left-liberal coalition that undergirds the Democratic Party. The upshot is that the outcome of the school choice debate has consequences that go far beyond education; in fact, the noneducational consequences may be more important than the educational ones. School choice may be the defining issue that reveals whether our political system will emphasize the redistribution of wealth or the creation of it. In this context, the conservative neglect of teacher unions is appalling; if it continues much longer, the situation may become irreversible for a long time to come.

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Allow me to close on neither an optimistic nor a pessimistic note, but a paradoxical one. For a century or more, two concepts of freedom have dominated political debate. One is that freedom consists of the absence of government restraint; you are free to travel to France if the government doesn't prevent you from doing so. The other understanding of freedom is that it consists of the power to do something; you are free to travel to France if you have the means to go. The first concept implies a minimal government and is the one most often embraced by conservatives. The latter concept is usually associated with activist and interventionist government. If citizens are to be free to do something, they must have the power to do it, and this usually calls for government action to provide that power. This concept is very much in keeping with the philosophy of the left in the Democratic Party.

School choice has turned this political and intellectual lineup upside down. On this issue, it is conservatives who are asserting that the legal freedom to attend a private school is insufficient; government should provide "real freedom," that is, the same means that are available to the affluent. Meanwhile, liberals are insisting that the legal freedom to attend private schools is all that government should provide; government should not empower parents and children to attend their choice of schools. Whatever the political outcome, the philosophical winner is clearly Vilfredo Pareto, the Italian sociologist who observed that men find it easy to convert their interests into principles.

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At the VA, it pays to be sick

DOUGLAS MOSSMAN

SHOULD WE encourage veterans with psychiatric problems to remain ill? Should we encourage them to undergo unnecessary hospitalization? And, for those already hospitalized, should we encourage longer hospital stays than necessary? Surely most people—experts and nonexperts alike—would say no. Yet the Department of Veterans Affairs (VA) provides exactly these sorts of incentives to our nation's veterans. Sadly, a program with good intentions has yielded a series of perverse incentives that reward illness, encourage patients to view themselves as incapacitated, and poison the relationships between patients and their caregivers.

VA medical care and benefits are provided at virtually no cost to veterans who meet eligibility requirements. To qualify, a veteran must either be "poor" (annual income below about $19,000 for a couple) or must suffer from a "service-connected" (SC) injury or disability. SC injuries and disabilities are medical problems incurred or aggravated during or shortly after a period of military service.

For decades, the VA has recognized disorders associated with

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severe disturbances in thought (e.g., schizophrenia) and mood (e.g., manic-depressive illness) as potential sources of SC disability. Research over the past two decades has helped define another type of trauma-related mental disturbance—one that results from the experience of a catastrophic event that need not involve physical injury. While some of the earlier psychiatric literature contains references to "shell shock" and "war neurosis," these conditions were officially recognized in the American Psychiatric Association's 1980 diagnostic manual as "post-traumatic stress disorder" (PTSD). Someone with PTSD does not evince gross disturbances of thought or mood. Instead, a PTSD sufferer persistently re-experiences (while awake or asleep) a horrible event he has witnessed, avoids stimuli reminiscent of the event, is emotionally unresponsive, and experiences persistent physiological arousal. PTSD can result from non-war experiences (it is often encountered in rape victims, for example), but seems particularly prevalent among Vietnam veterans.

As noted above, a service-connected disorder makes veterans eligible for free medical care at VA hospitals. It also can entitle them to disability compensation. In 1991, the VA paid out nearly $10 billion in compensation to more than 2 million veterans with SC disabilities, approximately 300,000 of whom had significant psychiatric disabilities.

The amount of compensation depends on a veteran's social and work impairment, as determined by one of the VA's Regional Office Rating Boards. Psychiatric disability is rated at six levels, from 0 percent (which confers eligibility for treatment but no monetary compensation) to 100 percent. As of mid-1993, compensation ranged from $85 to as much as $1,730 a month. Time missed from work and loss in work efficiency are two of the most important factors considered in determining disability levels. Veterans with spouses and children receive additional funds, and compensation is adjusted each year for inflation. These payments do not reduce a veteran's other disability or retirement benefits, although they do reduce Social Security Supplemental Income. Disability compensation is exempt from federal and local taxes; thus, a single veteran receiving 100 percent SC benefits receives the same after-tax income as a Cincinnati, Ohio resident who earns $30,040 a year.

The process of obtaining SC compensation can be simple or

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complex. Veterans file their initial claims at VA regional offices, and local Rating Boards make decisions based on the evidence supplied (e.g., military service records, work records, medical treatment records, and results of medical disability examinations). If a veteran disagrees with a decision, he can appeal to the local board, and if he disagrees with its decision, he can appeal to the Board of Veterans Appeals (BVA). If this fails, he can ask the BVA to reconsider, or have the decision reviewed by the Court of Veterans Appeals (CVA), or simply initiate a new claim with the Regional Office Rating Board.

Each year, veterans file more than 600,000 disability benefit claims. The VA grants about half of these; of those that are rejected, about one-fifth are appealed. There is no limit on how many times a veteran may submit a claim. Furthermore, each time a veteran submits new evidence in support of his claim, he is entitled to all procedural rights accorded initial claimants. New evidence might include documentation of inability to work or records of recent hospitalization.

Such documentation is only one way in which a veteran's level of functioning and course of psychiatric treatment may alter his compensation long after the time he sustained a service-related disability. If, for instance, a veteran is partially (less than 100 percent) disabled, but is hospitalized for more than twenty days for an SC-related problem, he will be deemed totally disabled for that period and receive one month's compensation at the 100 percent SC rate.

There is little financial incentive for patients to leave a VA hospital. The care is free, and is provided by government-salaried physicians who are not pressured (by insurance company reviewers, for example) to discharge patients expeditiously.

The result of the VA's cost-free hospital treatment and its disability compensation is that veterans are provided with financial incentives to use inpatient psychiatric services frequently and for lengthy periods. Veterans are, in effect, encouraged to be (or appear) ill and unable to work or function socially. Unsurprisingly, one commonly finds that the overwhelming majority of Vietnam combat veterans undergoing psychiatric inpatient treatment at VA hospitals have applied for disability compensation. Veterans who are new to the system and unaware of the financial incentives quickly learn from fellow patients and

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from benefits counselors.

Who they are

As noted above, current eligibility rules restrict the use of VA facilities to veterans who have SC disabilities or are poor. About 90 percent of current VA patients are men, a large portion of them Vietnam-era veterans who enlisted or were drafted at a time when people with financial means, college prospects, or other social advantages tended to avoid military service. Consequently, the VA inpatient psychiatric population does not constitute a typical cross-section of the population, nor even a typical group of randomly selected veterans. A disproportionate number of veterans who receive psychiatric treatment at VA hospitals were abused or had behavioral problems as children, dropped out of high school, joined the service at a young age, have limited intellectual and work skills, have serious substance-abuse problems, or have a history of poor work habits.

These veterans represent that segment of the population most affected by a changing economy, in which high-paying manufacturing jobs (and other high-paying jobs traditionally performed by men with limited job skills and no college degrees) are becoming increasingly scarce. Many hospitalized VA patients can hope to compete only poorly in today's job market, and so have very limited financial prospects. The typical psychiatric inpatient, even if he had a strong desire to work, would have very little hope of obtaining employment that would give him an income as high as 100 percent SC status. As Professor Susan Estroff has pointed out, seeking disability compensation may not represent an outcome of illness so much as a rational choice of income strategy.

For many patients, being in the hospital compares favorably to being elsewhere. Many patients are homeless, or have very little contact with caring family or other sources of social support, or have trouble getting along with those with whom they live, or live in lonely, destitute, uncomfortable circumstances. In the hospital, by contrast, their past service to country is recognized (so that being hospitalized gives them a sense of being valued), their needs for food, clothing, and shelter are met without cost or effort, medical and nursing staff address them respectfully and express interest in them, their own ability to oc-

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cupy their time is supplemented by structured recreational and therapeutic activity, and they have the companionship of other patients.

For some, the VA satisfies unconscious needs to be nurtured and to be dependent, while for others the VA provides a target for feelings of deprivation and rage that would otherwise be overwhelming. For many veterans, their time at war was the most meaningful period of their lives. Coming to the hospital, being among fellow veterans, and exchanging stories gives them a chance to re-experience the *bonhomie* and sense of purpose they felt as young warriors.

Bad treatment

Our government surely does worse things than tempting unfortunate veterans with money, and occasionally succoring them in hospitals. Why, then, is the problem so serious? The answer is that these perverse incentives to be sick and not care for oneself represent the antithesis of good psychiatric treatment. Psychiatrists recognize, of course, that people are flawed and vulnerable and may reach points in their lives where they are unable to manage without the intensive emotional, physical, and financial support that hospitalization provides. But the most general aim of psychiatric care—the aim that unites the variety of treatments psychiatry now offers—is to foster personal autonomy and responsibility.

Freud formulated the definition of mental health simply: *"lieben und arbeiten"*—to love and to work. A disability-benefit system that makes it financially attractive to be too ill to work is contrary to psychiatry's therapeutic goals. So is a treatment system that sometimes simply satisfies physical and emotional needs without encouraging patients to learn how to satisfy those needs independently.

Researchers have devoted some attention to the ways in which financial incentives might tempt VA patients to behave or report their symptoms, and to the possible effects on psychiatric outcomes.

Psychologist Lee Hyer and colleagues have published a number of studies describing the tendency of Vietnam combat veterans to "over-report" their symptoms. The researchers speculate that an important reason for this over-reporting is the secondary

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gain involved. The VA system "rewards" persons for existing psychopathology. As one Vietnam veteran put it: "The object is convince people you are hopeless. When this occurs they both believe you and then help you with compensation."

A recent study in *Hospital and Community Psychiatry* found that:

> patients who benefited financially from extended admissions had a significantly greater proportion of hospital stays exceeding 20 days. The system of monetary rewards for veterans with service-connected partial disabilities appears to prolong inpatient stays.

Clinicians generally avoid criticizing patients publicly, but the psychiatrists who organized a 1990 discussion of "The Problem Patient in VA Psychiatric Services" stated quite frankly that patients receive:

> varying degrees of veterans' pensions which may support pathological life-styles.... [I]t is a fair observation that certain problematic aspects in the VA system are experienced to a much higher degree than elsewhere, including extraordinary rates of alcohol and drug abuse and character disorder in patients who are adversarial, highly demanding, and have a strong sense of entitlement.

Professional reports also document patients' attempts to feign symptoms of mental disorders, especially PTSD. Shortly after the VA recognized PTSD as a compensable disorder, Drs. Edward J. Lynn and Mark Belza speculated that simulated PTSD was "a not uncommon disorder that arose as a consequence of the Vietnam conflict." The researchers found that 7 of 125 patients admitted to their VA hospital between November 1982 and March 1983 presented feigned symptoms of PTSD; none of these patients had participated in combat, and some had not even been to Vietnam. (This figure does not include other veterans who had experienced combat, but may have exaggerated the severity of their symptoms.) Lynn and Belza noted that clinicians at other VA facilities have corroborated their findings. Drs. Loren D. Pankrantz and Landy Sparr have published accounts of veterans who fabricated war experience; such behavior is discovered only when clinicians examine military records and realize that the veterans could not have been where they said they were.

PTSD is unlike schizophrenia or manic-depression, illnesses in which patients suffer gross disturbances in thought or mood

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that are readily observable and relatively difficult to simulate convincingly for long periods. Clinicians determine the nature, severity, and impact of most PTSD symptoms chiefly by interviewing patients and using psychological test data garnered from patients' reports. PTSD may be induced by non-combat traumata, and it can be difficult for clinicians to determine whether a veteran's difficulties stem from war experiences or from other experiences such as childhood abuse. As with many mental disorders, most PTSD symptoms are not pathognomonic: persons who abuse alcohol or drugs, are depressed, or have constellations of behavior and character traits that psychiatrists term "personality disorders" share many of the same symptoms as PTSD sufferers. Dr. Stephen Salloway and his colleagues, for example, have described how a veteran who "had been hospitalized in a number of VA hospitals over the years and had extensive exposure to Vietnam veterans being treated for PTSD," but who himself had an antisocial personality disorder and alcohol and heroin abuse problems, used his knowledge of PTSD to deceive professional staff and obtain controlled substances and shelter.

Mental health researchers have difficulty determining the extent of feigned illness among veterans reporting PTSD symptoms. A recent report in the *Journal of Traumatic Stress*, for example, considered whether potential financial compensation induced non-SC Vietnam combat veterans to exaggerate PTSD symptoms on a standardized psychological test. The authors concluded that it did not. However, they reached this conclusion by comparing the non-SC veterans' test scores to those of two other groups of veterans, most of whom were not fully service-connected and who therefore would also have had reasons to exaggerate symptoms. Moreover, all three groups had test scores that strongly suggested the veterans were exaggerating. Hyer and colleagues believe that financial incentives play an important role in veterans' behavior, and suggest that VA clinicians may eventually accept complaining, exaggeration, and overreporting of symptoms as features of PTSD itself. "It is unclear whether this 'really' represents greater psychopathology or a response style independent of psychopathology...."

The existence of such incentives does not mean that patients' acts are governed *only* by those incentives. My experience suggests that the vast majority of VA psychiatric inpatients come to

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the hospital suffering from serious emotional problems. But the financial incentives insidiously alter patients' perceptions of those problems, their relationships with health care professionals, and their view of themselves. Conversations with colleagues across the nation confirm my personal observations. Here are some illustrations:

• Physicians and nurses are aware of the benefits to patients of hospitalization, and often cannot help but wonder whether reports of symptoms reflect actual problems or problems that are factitious or malingered. No good clinician wants to discharge a suicidal patient, or withhold needed treatment, but ambiguity about a patient's motives can increase these kinds of errors. Suspicion about motives eventually leads to the cynicism and disrespectful attitudes toward patients that are *very* common among physicians who have trained in VA medical centers.

• Other staff who work with patients are affected by the veterans' incentives as well. As Estroff has documented, VA workers are often compensated less than patients. And these workers, unlike their patients, must endure the frustrations of employment to make a living.

• Inappropriate incentives also lead clinicians to urge patients to solve problems in ways that undermine their autonomy and responsibility. One of my colleagues urged a 50 percent SC veteran who was severely depressed and facing bankruptcy to seek 100 percent service connection as a partial solution to the financial problems that were tormenting him. Another patient who very much wanted to work was urged to seek increased compensation rather than cope with the challenges of a job that his physician deemed "highly stressful"—a paper route.

• Patients are very aware of the connection between remaining sick and remaining eligible for compensation. They frequently exercise their right to obtain copies of their hospital records and to petition the VA to have the contents emended. Patients regularly exchange information about increasing compensation and about their success at hustling the system. Patients occasionally refuse diagnostic studies or complain about their results because they are afraid a diagnostic change will eliminate their compensation. They ascribe *all* of their problems to their SC diagnoses and want physicians to do so, too. (One veteran who was hospitalized largely because he was planning to kill a relative became

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furious with me when his discharge papers listed a diagnosis of "interpersonal problems" rather than his SC psychiatric disorder. Although he had displayed no symptoms of the disorder while hospitalized, he thought the alternate diagnosis might threaten his 100 percent SC compensation, to which, he told me, his six years' service to his country had entitled him.)

• As noted above, twenty-one days of hospitalization entitles a patient to receive a month of 100 percent SC compensation. This leads to a lengthening of the inpatient stays of patients with partial disability ratings. Dr. Raymond Pary and his colleagues speculate that the financial incentives operate discreetly, with patients bringing up new complaints to lengthen hospitalization, or physicians allowing patients to stay out of sympathy or a desire to avoid "confrontation with an irate veteran." My experience suggests that the process isn't always subtle. Patients often protest being discharged expeditiously, and explicitly cite the twenty-one day provision and their need for money as reasons for not leaving sooner. They are sometimes enraged that their doctors are ignoring an important facet of their overall well-being. Shrewder patients complain of severe symptoms for three weeks, but report rapid resolution of their symptoms on or about their twenty-second day of hospitalization. Some patients in financial trouble report suicidal intent in order to have themselves admitted, and continue to report this for three weeks even though they appear okay; the suicidal intent fades after three weeks. At the time of discharge, some patients insist that their doctors cite their SC diagnosis as the main reason for hospitalization so that they can be sure to collect 100 percent SC compensation for the month.

• Oftentimes, years of unemployment leave persons sincerely believing they cannot work. Disability compensation systems encourage patients to view all their difficulties as "health problems," and provide alternatives to conventional employment that encourage patients to view their non-work as a result of their medical status. "Their not working is seen as both symptom and proof of their disabilities and deficits," explains Estroff.

• Many unemployed SC veterans see no good reason to try to resume working. It would be very hard for most of them to find jobs as remunerative and untroubling as receiving 100 percent SC compensation, and they believe that taking a job might result

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in their losing disability income after their next review. Estroff describes one veteran who was reluctant to pursue a writing career because:

> if I make it, then they might take away my VA money. And I can't be sure about working but I can be sure about the VA. All I have to do is keep being me and not working. So I guess I'm better off just leaving well enough alone.

Estroff also quotes a letter written to the VA by a community treatment organization—it reported that encouraging veterans to work was:

> difficult, not because of the disabilities and disorders they possess, but because of the large veterans' disability pensions that they have and are receiving.... Over and over again we have heard these men talk of their unwillingness to participate in employment efforts because they do receive the money.

• Attaining 100 percent SC status represents an important *symbolic* achievement for some veterans, who declare their status proudly. Although they may not get the kind of recognition and satisfaction that work provides, their past sacrifices are vindicated by the highest level of disability compensation that the VA offers. Disability reviews and the threat of disability reduction cause some patients great anxiety, and they sometimes seek hospitalization in response (perhaps with the unconscious intent of convincing the review board and *themselves* that they are still disabled). Studies of civil litigants alleging emotional or physical injury have found that litigation itself can be very stressful, and that level of functioning is positively correlated with the time elapsed since the end of litigation and negatively correlated with the duration of litigation. The VA's system thus represents the worst possible approach to handling disability claims, since a veteran can reapply endlessly and his claim can be reviewed for up to twenty years after disability is established.

• Patients *regularly* seek hospitalization for inappropriate reasons: to escape the deprivation and loneliness they experience in their daily lives; to get away from the criticisms, expectations, or demands of their wives and children; to hide from criminal associates; and to have food and shelter when they aren't getting along with family or have run out of money. (Patients know enough not to state these reasons at the time of admission; they

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claim that they plan to kill themselves or someone else if not admitted. These tactics are often successful, because mental health professionals have no special ability to distinguish those patients who really would harm themselves from those who feel terrible but would not.) Many patients experience "elevator cures": their countenances brighten and their symptoms disappear as they are transported up to the hospital wards. Many patients have limited interest in participating in treatment activities. A patient of mine once acknowledged that being in a hotel would satisfy his needs just as well as being in the hospital, but "this is free and I'm entitled to it." Colleagues tell me that such patients frequent many VA centers, and their hospitalizations are termed "V-A-cations."

• Like other public-sector psychiatric facilities, VA hospitals struggle with patients who have genuine mental conditions that require hospitalization, who get well while hospitalized, but then stop taking their medication and begin deteriorating shortly after discharge. Some patients are admitted again and again while intoxicated (sometimes with drugs or alcohol purchased with their disability funds), and repeatedly induce or exacerbate psychiatric symptoms through drug use. Mental health professionals term this process the "revolving door" syndrome. VA patients and their families may have little incentive to break this cycle, for it often has emotional and financial rewards: troublesome, ill relatives are hospitalized, so their families do not have to deal with them—but families do retain the veteran's SC income.

The very real problems just described are, to my mind, of less consequence than the moral dilemmas that are created. Persons faced with incentives to be sick come to believe sincerely that they are sick. It is profoundly contrary to veterans' interests to construct a health care system in which doctors expect patients to get well but patients have good reasons to feel ill. In medical treatment generally, and especially in psychiatric treatment, an honest, trusting relationship between doctor and patient is crucial. It is disrespectful to patients and physicians to place them in a treatment relationship in which there is substantial potential for mutual distrust and frustration.

Some simple solutions

Mental health publications unambiguously acknowledge the

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presence of perverse incentives in the VA's compensation system. Unfortunately, however, clinicians respond to matters "clinically," and thus the professional literature defines these problems in medical or psychotherapeutic terms. Medical publications describe complaints motivated by the prospect of compensation as "illnesses," and discuss the importance of "diagnosing" factitious complaints and "verifying" and "confronting" patients with the truth about their military histories so that their "disorders" can be "treated."

It would be far wiser to recognize forthrightly the financial and social forces affecting patients, to recognize that the moral dilemmas created by these forces are not amenable to clinical interventions alone, and to recognize that health care systems with such perverse incentives can make treatment impossible.

Recognizing that these problems exist is the first step in solving them. Making some or all of the following changes would reduce incentives for patients to act or remain ill, and would at the same time improve the treatment atmosphere for psychiatric patients at VA medical centers.

• *The financial reward for remaining hospitalized over twenty days should be eliminated.* The fact that a veteran may need periodic hospitalization and so lose income should be factored into the veteran's fixed disability payment.

• *Findings of psychological injury and disability level should be permanent, once a veteran has accepted a disability payment.* In civil litigation, persons who successfully sue for psychological injuries receive a lump sum once legal action has concluded. Civil litigants have their day in court, receive a judgment and, once they accept that judgment as final, go on with their lives. Veterans deserve the same sort of finality in their disability determination process. If veterans, rating boards, and reviewing agencies all knew that disability judgments, once accepted, would be final, all parties would have an increased interest in ensuring that disabilities were well-documented and that the disability determination process was accurate and fair. It may be unwise to award some veterans lump sums, lest they use their money foolishly (e.g., throw it away or buy drugs) and leave themselves destitute; they might better have their funds administered by a trustee, or paid monthly, as is currently the case. But all psychiatrically disabled veterans should understand that getting better

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will not reduce their income.

• *Compensation should be tied to a realistic estimate of lost earning potential.* As explained above, current benefits for 100 percent SC veterans are well above what civilians with similar educational backgrounds and personal histories can expect to earn. Though we don't know precisely how many veterans find disability compensation more attractive than working, or how much a change in compensation levels would affect their outlook and behavior, we know with certainty that it is immoral to confront disabled veterans with counter-therapeutic incentives not to work.

• *Patients should pay a modest portion of their treatment costs.* This would provide patients and their families with an incentive to use hospital treatment efficiently, and would provide an incentive to use other resources when these could better meet patients' needs. Asking patients to share the costs of their medical care conveys our belief that they can assume some responsibility for themselves and their treatment, even though they are disabled. Sharing costs would also help patients recognize that medical treatment is not a right but a service produced by and purchased from health care professionals.

Although the VA's system of disability compensation was created with good intentions, it has the problems of all programs that inadvertently reward dependency and encourage a sense of entitlement. Changes in compensation rules might not produce large reductions in VA health care costs, but they would do something just as important: affirm patients' dignity. Veterans—like everyone else—deserve to receive psychiatric care that is delivered with respect, that honors their humanity, and that encourages them to get better.

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In praise of censorship

STANLEY C. BRUBAKER

THE DAY AFTER he was asked for his resignation, John Frohnmayer assembled his staff at the National Endowment for the Arts and spoke of the attacks on the agency as an "eclipse of the soul." A month later, his tone grew even more ominous, as he compared the forces of darkness stretching across our land—those objecting, for instance, to the use of tax dollars for such "art" as Serrano's crucifix immersed in urine or Karen Finley's smearing of her nude body in symbolic excrement—to the forces that sustained fascism in Germany. Frohnmayer received a standing ovation from the journalists and academics in attendance.

His theme also found favor among Democratic presidential candidates, including then-Governor Clinton. His nominee to head the NEA, he announced, would not apply content restrictions in making funding decisions for the arts. To contemporary liberals, content restrictions are a form of censorship; they are profoundly unAmerican.

Defenders of the NEA charge that Jesse Helms and others attacking the agency cannot be sincere, since the total budget of the agency is only $180 million, of which less than a million goes

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to truly controversial art, not even a penny per citizen. But if the politicians are not sincere, they surely are responding to sincere concerns of American citizens. And the vehemence of NEA defenders shows likewise that more than money is at stake. In truth, what is at stake, as Frohnmayer's metaphor suggests, is the soul of American politics.

As his recent memoir illustrates amply, Frohnmayer was politically inept and philosophically confused.[1] But in saying the American polity was suffering an "eclipse of the soul," he at least begged the right questions: Does man have a soul? If so, what is its proper relation to politics and the arts? What understanding of that relationship undergirds the article of faith among contemporary liberals that the government should fund the arts, but not question their content? I would like to approach these questions by taking a long view, placing the questions in the context of three major schools of thought on man, politics, and the arts: Enlightenment liberalism, classical republicanism, and postmodernism. Then, I will make a modest case for censorship, or rather a case for modest, that is, cautious censorship, as befits the soul of American politics.

Enlightenment liberalism

As descendants of the Enlightenment, we are naturally skeptical about the existence or meaning of souls. And that skepticism is in fact the starting point of modern liberal politics. Talk of the soul was to be displaced from political discourse. The Enlightenment targeted its skepticism on the Church, but it also took a broader aim to include as well the classical, or Aristotelian, understanding of the soul and its place in political life. Instead of excellence of the human soul, the enlightened liberal polity should be concerned with material things, the goods of the body. In his *Second Treatise of Government*, which unfolds more clearly than any other work the natural rights foundation of modern politics, John Locke does not once mention the word "soul"; nor does he mention the virtues marking its perfection—courage, moderation, generosity, love of honor, wisdom. Toward the soul, the

[1] *Leaving Town Alive: Confessions of an Arts Warrior*. (Boston: Houghton Mifflin, 1993). Even the title reveals his confusion. Warriors are concerned with honor, not just staying alive.

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state should be indifferent, or tolerant, a doctrine that Locke spelled out explicitly in his *Letter Concerning Toleration*. There we find the propositions that have resonated throughout the history of liberalism: The ends or needs of the soul we cannot know with any degree of certainty. Even if we could know them, it is in the nature of faith or other ends of the soul that they cannot be coerced; they can only be freely chosen, for their worth is destroyed in the act of imposition. Those who extract professions of faith from unwilling confessors are usually moved more by a love of dominion, and even a lust for cruelty, than by the spiritual concern that they proclaim. In the face of rationally irreconcilable views on the ends of mankind, to adopt any one view and enforce it on others is certain only to spread civil strife, or civil warfare. By contrast, a polity concerned with the goods of the body will be calm. We get less excited, Locke thought, by what people do with their bodies.

Thus, the proper concern of the state is not with man's soul, but with his body. Not with conceptions of virtue, but with rights: "life, liberty, and property," as we find in the Constitution, or "life, liberty and the pursuit of happiness," as we find in the Declaration of Independence. Both phrases are found in Locke; he did not see much difference between property and the pursuit of happiness. And neither did most of our Founders. The liberal polity is concerned with the material things, the conditions for happiness, not with happiness itself. Happiness itself suggests the province of the soul, and pretended knowledge of the true ends of mankind. So, in light of these propositions and the displacement of the soul, on the question of censorship, Enlightenment liberalism says "no." Censorship meddles with men's souls. It violates the principle of toleration. No comfort here for Jesse Helms.

On the other hand, on the question of government funding for the arts, Enlightenment liberalism also says "no." Support for the arts outstrips the narrow concerns of the liberal state. No comfort here for the NEA either. Our Constitution bears the imprint of this liberal legacy, not just in the familiar protections of religious freedom and freedom of speech found in the First Amendment, but also in Article One, Section Eight, which enumerates the limited powers of the federal government. There it states that Congress shall have power "to promote the Progress

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of Science and the useful arts." The useful arts—like agriculture, medicine, commerce, and engineering. Not the fine, soul-improving arts—like music, poetry, painting, drama, and literature. No censorship, but no funding. That seems to be the legacy of early liberalism.

The concern of Enlightenment liberalism with the goods of the body involved a new understanding of nature and knowledge. Nature was not to be understood, as it was by Aristotle, as pulling or inclining its objects towards purposeful ends, but as the interplay of purely mechanical forces. In the classical view, man was inclined by nature to moral and intellectual perfection, ends that could be completed only in a political community. In the liberal view, man was moved by necessity. Just as Newton's apple is brought to earth by the force of gravity, so man is driven by self-preservation. Of course, as the founders of liberalism recognized, the drive for self-preservation is not really as certain as gravity. But we can be far more certain about it than we can about virtue. Self-preservation, and the natural rights allied with this concept, provide a more compelling, stable, and peaceful basis for political life than does virtue, about which we can know nothing with certainty.

With this understanding of man, liberalism has accomplished much. It has tamed religious fanaticism. It has redirected tyrannical drives for conquest into productive quests for commerce. It has liberated much of mankind from slavery, penury, disease, and prejudice. It has extended more prosperity and material comfort to far more people than any form of government in history. It has indeed created the conditions for happiness in a way that is unparalleled.

Yet something is missing. And we get a livelier sense of what that is by noting that Enlightenment liberalism, although it does not sanction censorship, does authorize book burning—of a sort. In his *Enquiry Concerning Human Understanding*, David Hume wrote with audacity of the import of this new understanding of nature and of knowledge. In short, it made nonsense of what had previously guided mankind in philosophy, theology, and art. Consider the last paragraph of this essay:

> When we run over libraries, persuaded of these principles, what havoc must we make? If we take in our hand any volume; of divinity or school metaphysics, for instance; let us ask, *Does it contain*

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> *any abstract reasoning concerning quantity or number?* No. *Does it contain any experimental reasoning concerning matter of fact and existence?* No. Commit it then to flames: For it can contain nothing but sophistry and illusion.

In this book burning, there is no fanaticism. It's done more in a bourgeois spirit of tidying up the place—getting rid of the rubbish in order to make room for the useful, for the peaceful pursuit of commerce. With such a library, we have to ask, does liberalism provide a home fit for man? To answer that, we should look to two challenges to Enlightenment liberalism: classical republicanism, which preceded liberalism, and against which liberalism revolted, and postmodernism, which has followed it.

Classical republicanism

The liberal vision of politics was not unknown to classical political philosophers such as Plato and Aristotle. Their failure to embrace it has nothing to do, as is often thought, with historical "progress" of some sort—that later generations could see possibilities they could not. Instead, it represents their reasoned judgment of what constitutes a political community. For Plato and Aristotle, the liberal vision is fundamentally deficient exactly because it does not account for distinctive characteristics of man, those which lead man to political life and transpolitical aspirations. In the *Republic*, for instance, Plato describes the city concerned exclusively with the goods of the body as a city of pigs.

For the ancients, politics is inevitably concerned with the elevation, the ennoblement of mankind. Man may be driven to communal life in significant part, as the liberals argued, by necessity, for mere life. But the community persists and develops for the sake of the good life, that is, for human happiness, not merely the pursuit of happiness. And at the core of happiness is excellence of the soul. Republican government must summon forth such qualities of soul as courage, moderation, obedience to law, shame at what is ignoble, reverence for what is noble; and especially from its leaders, such a polity requires noble ambition, public spiritedness, practical wisdom, and judgment. These qualities are needed by the polity; in that sense the virtues are useful. But they are also good in and of themselves; they form the core of human happiness. Thus, republican virtues are not merely

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useful; they are also fine. And this excellence of the human soul, visible in political life, points beyond itself to realms of life that are transpolitical, to a life of self-reflection and understanding, to philosophy and the fine arts.

Classicism has been battered by science, liberalism, and modernity, which combine to say there is no foundation in nature for its views of human excellence and happiness. Yet it has persisted, as a minor or major strand of political discourse, for 2,500 years because many thoughtful people believe nonetheless that there is something true and good in its view of man, politics, nature, and the arts.

Among the more recent spokesmen for classicism was Matthew Arnold, who wrote at a time when commerce and modern science were making impressive gains, and thus winning ascendancy for the political theory of liberalism which engendered and protected them. In this situation, the fine arts, or "culture" were dismissed as irrelevant to political life, as foppish affectations of a leisured and useless class. Commerce is all well and good, Arnold noted in *Culture and Anarchy*, but we should not forget that its worth is measured in utility. Commerce is machinery, a means. "If England were swallowed up by the sea tomorrow," he asked in 1869, "which of the two, a hundred years hence, would most excite the love, interest, and admiration of mankind"—the England that in recent years had produced so much in the way of coal and railroads or the England of Elizabeth, that had produced Shakespeare and Jonson? Culture, the fine arts, are ends.

Yet to deserve that stature, to show that it is not mere varnish on commercial life, culture must be about serious things. Thus, Arnold insisted, culture is essentially a "criticism of life" according to "the laws of poetic truth and poetic beauty." And the standard for such criticism and laws is the beauty of the perfected soul. Without this, without character, culture does indeed become "frivolous, vain, and weak." Culture is essentially concerned with the formation of character, and it is character that supplies the true authority of the state. For behind all the institutional artifices of elections, checks, and balances, Arnold insists, is the question: Does the state represent our better selves? Does it elevate or debase us? The best government should be democratic, in the sense that its offices should be formally open

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to all, but those offices ideally should be filled by an aristocracy, an aristocracy of the soul. Culture is what forms and allows us to comprehend such an aristocracy.

So, on the question of funding the arts, classical republicanism gives an emphatic yes. And on the question of content restrictions and censorship, it gives an equally emphatic yes.

Postmodernism

Liberalism is opposed not simply by classicism, but by postmodernism, our third school of thought. This school in one sense rebelled against liberalism, but in another sense simply extended its first principles. The concern of postmodernism is not the classical one of human virtue, nor the liberal one of natural rights, but autonomy. It seeks not a refinement of liberal society toward an aristocracy of the soul, such as Arnold had hoped for, but a rejection of that society. Man is defined not by a soul, but by a "self." And the product of this self is not culture, but adversary culture.

That concept has its origins in Lionel Trilling's famous collection of essays entitled *Beyond Culture*. There he spoke of the "adversary intention, the actually subversive intention, that characterizes modern writing." "[I]ts clear purpose," he continued, is that of "detaching the reader from the habits of thought and feeling that the larger culture imposes, of giving him a ground and a vantage point from which to judge and condemn, and perhaps revise the culture that produced him." It becomes then the "primary function of art and thought ... to liberate the individual from the tyranny of his culture ... to permit him to stand beyond it in an autonomy of perception and judgment."

Liberation, detachment, and autonomy from the traditional culture can be desirable, of course, only if the latter's "habits of thought and feeling" are oppressive or arbitrary. And that, Trilling suggests, is exactly the point that the art and literature of adversary culture seek to make. Trilling identified as the "shaping and controlling idea of our epoch" the "disenchantment of our culture with culture itself." This disenchantment gives to our art and literature "the bitter line of hostility which runs through it." And so we end up with the "culture war."

In this sense postmodernism rebels against both the bourgeois society of enlightenment liberalism and the remnants of

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classicism. But in another sense, postmodernism merely extends, or radicalizes, liberalism. For the "disenchantment with culture," of which Trilling wrote, derives from the disenchantment of nature on which modern science and liberalism are built. These posit a nature devoid of purpose, holding no support for man's conceits of nobility and excellence. In their search for a solution to the problem of political authority, Locke and other liberals still looked to nature. If nature failed to provide aspirations, it could provide a floor, and seemingly a sturdy one. Yet to later thinkers, this solution seemed rather half-baked. How could liberals derive the apparent "ought" of natural rights from the "is" of self-preservation? How could a natural universe, determined by mechanical forces, account for freedom, a presupposition of moral action? How could a mind know nature, if it were merely a part of its mechanistic forces?

The solution—begun by Rousseau and Kant—was to posit new dimensions of reality untouched by nature. The result of this further rejection of nature, however, was to knock out the floor that early liberals had established. Morality became not what is given by nature, but what is chosen by man. It is in this world of postmodernism that the artist assumes the special role that Trilling outlines for him in *Beyond Culture*. The function of the artist is to disturb and offend, to *épater la bourgeoisie*—to reveal to liberals the shallowness of their existence, to show that the floor on which they stand, their so-called natural rights, is a figment of their imagination.

Even more interesting than this adversarial role is the artist's new constructive role. The artist does not merely criticize life according to laws of truth and beauty, as Arnold would have him do. He creates those laws as well, which is to say that they are not in fact laws at all. Instead of being an imitator of a beautiful cosmos, whose inner harmony he divines, the artist becomes the creator—and a creator *ex nihilo*, previously the province of God. In fact, in this philosophy, the artist becomes the creator of God. Prophet and philosopher are unmasked and revealed as species of artists. They made it all up about God and Nature. In this world, the artist assumes a sort of sacrosanct position—he is the creator of meaning. So here we find support for the position adopted by contemporary liberals. "Yes" to funding of the arts. "No" to censorship and restrictions. To interfere with the work

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of the creative artist, the provider of meaning, is not merely to impose a groundless value judgment, but to commit sacrilege.

These three schools provide the major alternatives for considering the relation of art and politics. They are not exhaustive. I have not considered, for instance, the claim that art is a trivial concern, that no one was ever corrupted by art, since to accept this is to embrace the manifestly absurd point that no one was ever improved by art. Nor have I addressed claims based on religious faith, since they do not easily admit of mere rational consideration or evaluation, and whatever intrinsic force they might have would largely be deflected from consideration by First Amendment religious freedoms.

One argument remains which deserves notice as background to further argument, that derived from the model of economics. I mention it as an addendum, since it is not really a distinct school of thought, but a descendant of natural rights liberalism. According to the economic model, we should not make any sort of special argument for the relation of the arts to the human soul, but instead consider art as we would anything else that humans value. That is, our society should have the quantity and quality of aesthetic experience it wishes at the price its members are willing and able to pay. Clearly, the economics model frowns on censorship, which interferes with voluntary market transactions. But what about public support? That could be justified in case of a "market failure." Art, for instance, might turn out to be a "public good," that is, a good whose enjoyment cannot be restricted efficiently to those willing to pay for it. The market will underproduce public goods if it produces them at all. The classic example is national defense. We have no "National Security, Inc.," selling security from foreign invasion to those inhabitants willing to pay for it (and only those willing to pay for it), since to defend any is to defend all. Instead we have a Department of Defense funded with tax dollars.

In its pure form, the "public goods" argument seems patently unavailable for the arts. With a few exceptions, such as outdoor displays, enjoyment of art can easily be restricted to those willing to pay the price of admission or purchase. So typically, the economic case for public support builds on more limited aspects of this argument, for instance, the claim that art has important "spillover" effects not reflected in the simple transaction be-

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tween producer and consumer. A good museum might attract tourists to a city, who then spend money on other goods and services there. Subsidizing an orchestra might keep artists employed who would otherwise become even more dependent on welfare. An environment in which the arts flourish might make a community more attractive to an industry that otherwise would settle elsewhere. Or, as people occasionally argued before the collapse of communism, good art could help win the cold war, by proving that capitalism does not entail philistinism. While not entirely implausible, these arguments suffer from a vast indeterminacy, and in most cases it is far from clear that the ends desired—encouraging tourism, attracting industry, limiting the welfare rolls, or fighting communism—could not be achieved more efficiently by other means. More importantly, these arguments demean the arts, for art claims to function in people's lives in a different way than most economic goods. Art seeks not to satisfy existing wants, but to educate people in what they should want. In short, the economic model degrades art even as it provides only contingent support.

The other choice: liberal republicanism

The case for moderate censorship and support of the arts builds from the presuppositions of the American constitutional system, which are both liberal and republican, a complex synthesis of the first two schools of thought. No one can question that our constitutional system flows largely from the liberal tradition, and in fact helped shape it. With unprecedented boldness and lucidity, our Declaration of Independence set its action and the birth of the nation on the self-evident truths of natural, unalienable rights. These rights are enshrined in the Constitution's contract clause, the Bill of Rights, and the Fourteenth Amendment. Life, liberty, property, and the pursuit of happiness are essential to our constitutional tradition. Nonetheless, they provide an incomplete account of the vision that informed the Framers and our constitutional tradition, for they fail to explain the appeal of self-government, or republican government. As the Declaration itself makes clear, natural rights may be secured by many forms of government, including kingship, and it was not kingship itself that the document set itself against, but a particular king who had become a tyrant by his denial of rights.

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Yet Americans would accept only a republican form of government. "No other form," Madison wrote in *The Federalist*, "would be reconcilable with the genius of the people of America; with the fundamental principles of the revolution; or with that honorable determination which animates every votary of freedom to rest all our political experiments on the capacity of mankind for self-government." Self-government, however, makes a sort of moral claim distinct from natural rights. That the American self is capable and worthy of governing itself is less a fully matured claim of the individual than a standard of public aspiration, less a matter of inherent rights than of honorable determination. Even in its modern guise, the republican ideal thus quietly echoes the classical idea of a human good; it seeks authority not just in the preservation of rights, but in the elevation of man.

The case for censorship in a modern republic also echoes that of classical republicanism. Oligarchies and tyrannies can be broadly indifferent toward the character of those they rule. But a republic cannot, for those whom it rules are also the rulers. Each has a stake in the character of his fellow citizens. Since the arts shape our taste and habituate our character, a republic thus cannot be indifferent to them. As Walter Berns asks rhetorically:

> Is it politically uninteresting whether men and women derive pleasure from performing their duties as citizens, parents, and spouses or, on the other hand, from watching their laws and customs and institutions ridiculed on the stage? Whether the passions are excited by, and the affections drawn to, what is noble or what is base? Whether the relations between men and women are depicted in terms of an eroticism wholly divorced from love and calculated to destroy the capacity for love and the institutions, such as the family, that depend on love?

That is the import of the republican tradition. But ours is a liberal republic. And the liberal tradition gives us reason to question the competence and authority of government to shape the character of its citizens. Thus, any case for censorship must respect liberalism's arguments for toleration: The higher reaches of human character, or soul, cannot be known with confidence, certainly not enough to justify coercion. Freedom is so central a feature of the human good that the worth of most other goods is destroyed by the act of their coercive imposition. Attempting to impose a rigid notion of the human good is likely to cause civil

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strife and even warfare. The censorship that our Constitution has traditionally allowed and that I wish to defend mediates the tension between the republican concern for character and the liberal suspicion of that concern. It is a liberal form of censorship. Can this be a middle ground rather than a contradiction?

Let me make a few preliminary points. First, the liberal tradition permits a distinction between coercion and persuasion. Employing coercion for the sake of virtue at its higher reaches is a contradiction in terms, for as the tradition emphasizes, such ends can only be chosen. But persuasion leaves freedom intact, seeking only to inform it.

Second, we can affirm freedom as central to the human good and still recognize its worth as conditional. Or, in other words, we can distinguish liberty from license. We esteem freedom most highly when it is directed toward other aspects of the human good such as truth, fulfillment, or self-government. When it utterly fails to serve such ends, and serves instead only the harm or debasement of man, it ceases to compel our respect. Liberalism issues strong counsels of caution for officials attempting to distinguish liberty from license, noting it is hard at times to tell the difference and that drawing a controversial line can engender strife. But a stern counsel of caution is not an absolute principle. On occasion, the difference between liberty and license is marked, and the failure to mark a clear difference is as likely to breed decay as the attempt to act on a murky line is to breed strife.

Third, if we can distinguish liberty from license, we can distinguish morally and psychologically between preventing vice and compelling virtue. The illogic of the latter does not impugn the former. Our inability to compel a love of beauty should not prevent us from prohibiting the sale of pornography.

Two kinds of censorship

In considering censorship as permitted in our liberal republic in light of these points, we should distinguish what, for simplicity, and following the vernacular of contemporary liberalism, I joined together: true censorship, making criminal the publication and distribution of certain materials, and so-called "censorship," restricting the content of what is to be funded. Consider first the case of true censorship. Here, constitutional analysis has

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long recognized the distinction between liberty and license, vigorously protecting speech when it is plausibly directed toward truth, fulfillment, and self-government, and only weakly protecting it when such speech is disconnected from such ends and directed more closely to harm and debasement. As Justice Murphy observed more than fifty years ago in *Chaplinsky v. New Hampshire*:

> There are certain well-defined and narrowly limited classes of speech, the prevention and punishment of which have never been thought to raise any constitutional problem. These include the lewd and obscene, the profane, the libelous, and the insulting or 'fighting' words.... [S]uch utterances are not an essential part of any exposition of ideas, and are of such slight social value as a step to truth that any benefit that may be derived from them is clearly outweighed by the social interest in order and morality.

The law of obscenity is a good example. The Court has consistently ruled that obscenity stands outside of First Amendment protection, and the reason for this is found in the Court's very definition of obscenity. Material is obscene, the Court has held, if taken as a whole and judged by contemporary community standards it appeals to a "prurient interest," is "patently offensive," and fails to make a significant contribution to literature, arts, politics, or science. From the flat perspective of pure liberalism, unleavened by a republican concern with man's soul, this definition appears to contradict itself. It seems to hold that such material must simultaneously turn us on and gross us out. Liberalism's descendant, economic analysis, lacking the ability to distinguish the worth of preferences, would be similarly impatient: does the consumer want this material or not? But this rather contrived mystery vanishes from the more elevated perspective of republican government. Obscenity appeals to what is base in us, a prurient interest. In defining this as a shameful or morbid interest in sex, the Court acknowledges there are pleasures that debase us as individuals and make us unfit for self-government. Obscenity offends, patently, what is high in us. In this the Court affirms there are sensibilities that elevate us as individuals and render us fit for self-government.

The classical republican element in this is apparent. But it is also liberal. In the tension between virtue and liberty, it leans quite substantially in favor of liberty. For one thing, there is no

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attempt here to coerce virtue, only to curb a bit of vice. For another, the definition recognizes that something may be obscene by the first two elements of the definition (appeal to prurient interest, and patently offensive) and yet make a significant contribution to the arts. If that is the case, it is constitutionally protected.

What about restrictions on funding? In one sense this is an easier question, but it also involves a prior question. What's the constitutional basis for funding at all? The liberal tradition views with suspicion funding for the purpose of recognizing and cultivating man's soul. Further, the constitutional text itself warrants skepticism, for as noted above, its recognition of federal authority to further the "useful" arts indicates some doubt about its authority to promote the "fine" arts. Indeed, for the nation's first century and a half, it was seriously disputed whether the authority of the federal government to spend was limited to the enumerated powers of Article One, Section Eight or whether spending was permitted to advance a broader understanding of the "general welfare." Madison himself took the restricted interpretation, but the expansive understanding has of course prevailed. But if spending has not been confined to the enumerated powers, it has for the most part been limited to goods and services justified (plausibly or not) by economic arguments such as "public goods." To be sure, such arguments were put forward when federal funding of the arts was first considered. But the only plausible argument is that stated by the Eisenhower Commission on National Goals: The federal government should fund the arts, not to employ impoverished artists, or attract industry, or to win the cold war. The federal government should encourage the arts "as an expression of what is noblest in people's lives."

Liberalism remains suspicious of such a goal, but the republican element in our constitutional scheme, if strong enough to curb vice through the law of obscenity, surely is strong enough to encourage virtue through the gentle persuasion of noble example. Yet an element of coercion remains, for it is only through the extraction of tax dollars under threat of force from the citizenry that funding is possible. Thus, now as in Arnold's time, culture must prove itself worthy of public support, by providing

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a "criticism of life" according to "the laws of poetic truth and poetic beauty." And the standard for such criticism remains "what is noblest in people's lives," that is, the beauty of the perfected soul.

Such a rationale entails content restrictions, either by formal legislation or by the discerning judgment of a strong agency head. Especially when much of the arts community remains more confident of the mission of adversary culture than culture, this means rejecting much of what it believes merits public support. Artists have been and would continue to be unhappy about this. But their claims of unconstitutionality are extraordinarily weak. Government has broad discretion to fund what it thinks promotes the general welfare without being therefore obliged to fund what it thinks does not. Assuming that the project in question falls within First Amendment protection, the artist remains free, just not subsidized.

The liberal's retort

The pure natural rights theorist will find these conclusions too lofty, outstretching the narrow purposes of the state. The classical republican will find them too mundane. But the most bitter opposition will come from contemporary liberalism, which consciously or unconsciously aligns itself with postmodernism in the celebration of human autonomy, though it does so in the apparently modest guise of a right to "equal respect." According to the legal philosopher Ronald Dworkin, for instance, government must not distribute goods and opportunities nor constrain liberty on the presumption that some ways of life are more worthy than others. Doing so would violate an individual's right to "moral independence." Thus, while the government should subsidize the arts, its "ruling star" should be "diversity and innovation," not "(what public officials take to be) excellence."[2] And certainly, there should be no censorship. Arguments of the sort I have made above violate the principle of moral independence, for they depend on the judgment "that the attitudes about sex displayed or nurtured in pornography are demeaning or bestial or otherwise unsuitable to human beings of the best sort."[3] That is, they fail to accord equal respect to the bestial and the best

[2] *A Matter of Principle* (Cambridge, MA: Harvard University Press, 1985), p. 233.

[3] Ibid., p. 354.

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way of life.

Yet one must wonder whether this indiscriminate respect secures the arts as well as contemporary liberalism would wish. If the question is, what right have you to impose your value judgment on the artist, the freedom of the artist seems secure. If no standard beyond the human will can justify censorship, we have no right to impose our value judgments on the artist. This is especially true, it might seem, if we follow postmodernism in thinking it is the artist who creates values for us. But if we shift the burden of proof from the censorious community to the artist, contemporary liberalism leaves the artist's case weak. Without a standard external to the human will, what makes the artist's doing as he likes superior to the community's doing as it likes? Or for that matter, what have we to say to the tyrant who wishes to do as he likes? Indeed, if we follow postmodernism, are not the tyrant and the poet simply different sorts of artists, creators working in different media? Hitler wished to create an authentic German community. Lenin wished to create a new communist man. Here in postmodernism lies the true eclipse of the soul. For by it there is no standard external to the human will; no soul by which to judge the will. The artist or the tyrant wills it, and that is sufficient. As Julius Caesar said, the reason is in the will. Only some wills are more powerful than others.

The human good, or soul, is not the enemy of freedom but the guarantor of its worth. Only if we can place reason above passion in a hierarchy of the human soul can we distinguish an argument from an aphrodisiac; on such a distinction alone can we say that real speech, and art, unlike pornography, should be protected when it offends or even causes some harm. Only if art makes life better by making us better persons can it claim exemption from the marketplace and ask for our tax dollars. And of course this means making some distinctions, that is, imposing restrictions, on the content of the art that we fund.

The soul of American politics is subtle. "[T]here is a degree of depravity in mankind which requires a certain degree of circumspection and distrust," Madison wrote in *The Federalist*. Accordingly, the Constitution was designed with separation of powers, checks and balances, and limited powers. Yet, Madison continued, "so there are other qualities in human nature which justify a certain portion of esteem and confidence. Republican gov-

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ernment presupposes the existence of these qualities in a higher degree than any other form." While presupposing virtue, our Constitution grants only limited power for its cultivation. Subtlety should not be mistaken for dispensability, however, for self-government must in a way be soul-government, government by our better selves, if it is to maintain its dignity and authority. A liberal republic cannot avoid engaging in what William Bennett has aptly called the "architecture of the soul."

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A better way to tax

LAURENCE S. SEIDMAN

IN THE SUMMER OF 1992, Senators Pete Domenici (R-NM) and Sam Nunn (D-GA) decided to move beyond the short-term tinkering that usually dominates congressional debate over taxation. The senators reached onto the academic shelf and pulled down an idea that many economic thinkers have advocated: replacement of the personal income tax with a consumed income tax (CIT).†

The consumed income tax is not a new proposal. The distinguished economists Irving Fisher and Nicholas Kaldor, writing from different philosophical perspectives, each wrote treatises advocating a CIT, and many economists have long found the proposal attractive in theory. Prior to the 1970s, however, it was widely assumed that a CIT would be hard to implement. In the last two decades, however, tax experts have reexamined the consumed income tax and concluded that it might be easier to operate than the current income tax. Two major studies undertaken by tax specialists—the U.S. Treasury's *Blueprints for Basic Tax Reform* (1977) and the U.K. Institute for Fiscal Studies' *The*

†Nunn and Domenici are co-chairmen of the Strengthening of America Commission of the Center for Strategic and International Studies. The report of the commission was directed by Debra L. Miller, whose comments were helpful in preparing this article.

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Structure and Reform of Direct Taxation (1978)—have concluded that converting the income tax to a CIT is both feasible and desirable.

Support for a CIT is in fact quite broad and ideologically diverse. Consider this list of prominent economists and other experts who have endorsed the idea in one form or another: David Bradford (Princeton), Martin Feldstein (Harvard), Lawrence Summers (Harvard), Lester Thurow (MIT), Michael Boskin (Stanford), John Shoven (Stanford), Henry Aaron (Brookings), Harvey Galper (Peat Marwick), and William Andrews (Harvard).

How would a consumed income tax work? Under a CIT, all household savings would be tax deductible. Meanwhile, all consumption would be taxed. Every April 15th, each household would determine its taxable consumed income by adding up its total cash inflow and subtracting savings and previous tax payments.

Why do it?

It is an inescapable fact that investment—in plant, equipment, and technology—must be financed by domestic saving or borrowing from abroad. When domestic saving falls, so does investment. Take a look at what happened in the 1980s: Between 1980 and 1990, the United States' gross national saving rate declined from 17 percent to 13 percent of gross domestic product (GDP). Of this 4 point drop, 3 points were due to a fall in private saving (the other 1 point was due to a rise in government dissaving). Not surprisingly, gross private investment fell nearly 3 points, from 17 percent to nearly 14 percent of GDP; only a 1 point increase in borrowing from abroad prevented the fall in investment from fully matching the 4 point drop in saving.

If the U.S. had begun the 1980s as a high saving nation, one bad decade might be shrugged off. But the pattern is long term. From 1960 to 1984, the U.S. gross saving rate averaged 19 percent. By contrast, in France it averaged 24 percent; West Germany, 25 percent; and Japan, 34 percent. It is no surprise that these high saving nations gained economic ground on the United States. In 1950, France's output per person was only 47 percent of ours; by 1980, it had risen to 84 percent. Over the same three decades, West Germany's output per person rose from 40 percent to 86 percent of ours, while Japan's rose from 17 percent to 72 percent.

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Conversion to a CIT would raise national saving in three distinct ways. First, consider the incentive effect. Unlike the income tax, the CIT would let a household reduce its taxes by saving, thereby giving it a financial incentive to save. True, tax would be owed if the saving was eventually spent. But in the meantime, the household could earn interest. And if the saving was left as a gift or bequest, then it would escape tax until the recipient spent it.

Second, consider the horizontal redistribution effect ("horizontal" because the redistribution is between persons in the same income class). Under a CIT, above-average savers would pay less, and below-average savers would pay more; the result would be more saving, overall, from each income class. To see this most easily, suppose the $100,000 income class has only two people: S and C. They are each extremists. Person S saves everything and person C consumes everything. Under a 20 percent income tax, S and C each pay $20,000 in tax. Thus, total tax revenue is $40,000. S saves $80,000 and C, nothing, so total saving is $80,000. Under a CIT that raises the same $40,000 of tax revenue, C will pay $40,000 in tax and S, nothing; so S will save $100,000 and total saving will rise to $100,000. Conversion has caused a horizontal redistribution effect: $20,000 has been redistributed from C to S, and the result is an increase in total saving. Of course, if C surprises everyone by actually saving to take advantage of the new saving deduction, then total saving would rise by more than $20,000.

Third, consider the postponement effect. Conversion shifts some of the tax burden from the work stage of life (when money is saved) to the retirement stage (when money is spent). That enables workers to save more. In an economy with growing real wages and labor force, the higher saving of workers outweighs the higher dissaving of retirees, resulting in an increase in aggregate net saving. Thus, conversion would give workers a greater ability to save (by postponing some tax to retirement age) as well as a greater incentive to save.

Is it fair?

A person's income reflects his contribution to economic output; hence, a tax on income is a tax on a person's contribution to the economic pie. By contrast, a tax on consumption is a tax on

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the slice of the pie a person enjoys. It can be argued that it is fairer to tax a person on the slice he enjoys than on his contribution to the pie. Under a sales tax, if person A consumes a slice twice as large as B consumes, he pays twice the tax. But under a household CIT, Congress can set the tax rates so that A pays more than twice the tax. Unlike a sales tax, a CIT can be made progressive if Congress desires.

The most common reaction to a proposed CIT is: "It favors the affluent who can afford to save more." But that reaction is based on a fundamental misunderstanding. The misunderstanding is that tax rates would not change when a CIT was adopted. If that were true, then deductibility would indeed favor the affluent who can afford to save more. Also, if the rates were unchanged, less total revenue would be collected (due to the savings deduction), causing the budget deficit to grow even larger. Conversion, however, can and must be accompanied by a tax rate adjustment, to keep tax revenue at its target.

But what kind of an adjustment? If Congress wants each income class to continue to provide the same proportion of total revenue, then high-income households—which save most—would have their consumed income tax rate raised most; since low-income households save least, their consumed income tax rate would be raised least. True, some affluent households would end up with a tax cut. But if Congress sets CIT tax rates so that the affluent pay the same proportion of total revenue as under the income tax, then for every affluent household with a tax cut there will be another with a tax increase (recall our earlier example).

People disagree about how our tax burden should be distributed. But the fact is that the CIT is neutral on this matter. The matter of tax base—income vs. consumed income—is completely separate from the matter of distribution—where to set tax rates for each class. Thus, the CIT is supported by the wide swath of economists mentioned above—economists who disagree about distribution but agree on the need to raise our national saving rate.

Some critics have charged that a CIT is really a labor income tax—an income tax that exempts capital income (interest, dividends, capital gains). True, a CIT and a labor income tax both try to encourage saving. A CIT exempts saving in the year it occurs. A labor income tax exempts the income the saving yields.

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Both methods avoid the reduction in the after-tax return to saving that occurs under the income tax. But they are not the same. In fact, the two taxes differ fundamentally with respect to fairness. Consider a lazy heir who inherits a fortune in corporate stocks, earns high capital income but no labor income, and sells off stocks each year to finance high consumption. Under a labor income tax, the lazy heir would pay nothing. Under a CIT, the heir would pay a high tax each year on his high consumption.

Practical issues

Tax specialists have analyzed how to handle various practical problems that would arise under conversion to a CIT. This section gives some tentative solutions. The recommendations offered here are not necessarily those Senators Domenici and Nunn will offer in their legislation. Their staffs are continuing to weigh practical options.

If a family buys a house for $120,000 this year, it certainly does not consume $120,000 of housing this year. Instead, the $120,000 of consumption will be spread over many years and a CIT would recognize it. Here's how: Suppose the family borrows $100,000 to buy the house. Then $100,000 would be excluded this year from tax. In return, mortgage payments would not be deductible, so the house would be taxed gradually as the mortgage was paid. If the family sold the house, the revenue would be excluded from tax. If Congress wishes to encourage home ownership, it could enact a special housing tax credit targeted at families unable to afford a home.

Expenditure on higher education is part investment, part consumption. The part that is investment should be deductible, the part that is consumption should not. A reasonable rule might be to allow half of tuition to be deductible. Economists have shown that investment in human capital—education—is as important for economic growth as investment in physical capital. A CIT should recognize this important economic reality.

Consider also the treatment of gifts and bequests. The recipient should be taxed if he consumes. Analysts differ about the donor. Some recommend taxing the donor to keep a miser from escaping tax. Others recommend exempting the donor because he did not actually consume. Still others suggest a compromise: tax only affluent donors above a high cumulative lifetime thresh-

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old. Most analysts agree that charitable contributions should earn the donor either a deduction or credit.

Current retirees deserve some protection during the transition. Under the current income tax, most retirees have some savings they accumulated after paying income tax. They should not be double-taxed. One option would be to have each retiree list all assets, exclude the ones that have already been taxed, but include the ones that have not been taxed (such as an employer-financed pension). But this option is too complicated and would require too much record-keeping. A better option is simply to set a lower consumption tax rate for retirees. The rate should gradually be raised to normal over perhaps a decade.

If the entire population were converted to the CIT in the same year, there might be a sharp increase in saving rather than the gradual increase that the economy can safely absorb. It is therefore prudent to phase in the population subject to a CIT. Perhaps the best method would be age-phasing. In year one, households whose oldest member was twenty-five or younger would convert permanently to the CIT; in year two, thirty-five and younger would convert, and so on. Prior to conversion, an age cohort would remain subject to the current income tax. Phasing from young to old would permit middle-aged households to retain current income tax deductions (such as home mortgage interest) for several years and permit current retirees to pay low tax on their consumption for much of their retirement.

Abolish the corporate income tax

An important advantage of a CIT is that it would permit us to eliminate the corporate income tax (note that Nunn and Domenici may not endorse abolition). If the goal is to tax consumption instead of income, there is no longer a good reason for a corporate income tax. True, corporations do pay for some employee consumption. For example, a corporation might pay the cost of an employee's automobile or vacation. The integrity of the CIT requires that such corporate-financed consumption be added to an employee's taxable household consumed income.

Most analysts agree that the corporate income tax is a source of substantial inefficiency. Measuring true income requires measuring the true economic depreciation of each real asset (ma-

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chinery, plant, and equipment). But that's difficult to do accurately, so arbitrary estimates must be used. And since these estimates are based on the historic cost of the asset, inflation leads to even more distortion. As a result, income is overtaxed in some corporations, undertaxed in others. Moreover, corporations spend a lot of money trying to minimize corporate taxes. Obviously, the termination of the corporate income tax would eliminate this waste.

There are two potential problems with terminating the corporate income tax and they have the same solution. The first is the revenue loss. The second is the gain that would accrue primarily to affluent corporate stockholders and managers. The solution to both problems is to raise the CIT tax rates of high-bracket households. This will recapture the revenue from those who would otherwise gain. The public wants corporate managers and stockholders who spend a lot of money to pay a correspondingly high rate of tax. These reforms would—fairly—give the public what it wants.

Do it now

The Domenici-Nunn proposal for a consumed income tax comes just in time. International economic competition is fierce and the U.S. must find a way to do better. With the U.S. investment rate lagging behind other leading nations', boosting saving should be a central goal of economic policy.

Although the importance of saving has often been grasped, the policy responses have been poor. Tinkering with the income tax has predominated: an individual retirement account (IRA) here, an investment tax credit there. Often the response has generated a divisive, deadlocked debate over fairness versus growth—witness the capital gains cut proposal.

It is time to recognize that a fundamental tax reform—conversion of the household tax from income to consumption—may be the proposal that is most politically practical as well as economically effective. The capital gains proposal has achieved nothing but deadlock because it seems to single out one kind of income for special treatment. Conversion to a CIT would break the deadlock: income from any source would not be taxed per se, and consumption, however financed, would always be taxed. Other,

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ad hoc plans to encourage saving tend to favor the tax-wise who know how to play the game of saving shuffling; such plans are also complex. Conversion to a CIT would make it simple: all saving would be tax deductible.

To encourage saving, we have tried complex tinkering, and it has not worked politically or economically. Let us at last try a fundamental, consistent reform: conversion of the household tax from income to consumed income.

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Passing the generational buck

LAURENCE J. KOTLIKOFF &
JAGADEESH GOKHALE

IN THIS ARTICLE we will investigate the U.S. government's treatment of children. We will begin with a look at the flow of transfer payments to children, and then consider the government services purchased on their behalf. We will also consider the benefits and services that today's children will receive in the future, as well as the taxes they will pay when they become adults.

By doing so, we seek to answer this question: Are today's children being treated fairly compared with other generations? To address this issue, we will rely on a new method called generational accounting, which compares the "lifetime net tax burden" (taxes paid minus transfer payments received) of different generations. With its lifetime perspective, generational accounting overcomes the difficulty encountered with the usual

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comparisons between two generations, namely that the two generations are at different stages of their life cycles.

To understand this difficulty, imagine a country with a longstanding policy of transfer payments to children, financed by taxes on the elderly. While the usual comparison would suggest that children are being treated favorably compared to the elderly, such a comparison ignores the fact that the elderly received the same when they were young, as well as the fact that the children will pay the same taxes when they are old. Thus from a lifetime perspective, the children are being treated just as favorably as the elderly.

How are children in America actually being treated compared to adults and the elderly? The evidence we will consider includes the rising poverty rate of children over the past two decades and the decline in the elderly poverty rate over the same span, as well as an accompanying rise in the consumption level of older generations compared to that of younger ones.

Poverty in America

Twenty percent of American children live in poverty. The rate among Hispanic children is 37 percent; among blacks it is 45 percent. Moreover, because there is considerable mobility in and out of poverty, we can surmise that if 20 percent of American children are poor at any given moment, substantially more than 20 percent experience periods of poverty before reaching adulthood.

This rate is considerably higher than in the past. In 1970, for example, only 15 percent of children were poor. Yet at the same time that poverty rates have been rising for children, they have been declining for older Americans. In 1970, almost one quarter of Americans aged 65 and older were officially poor. Today's figure is about 12 percent.

The difference in poverty trends between young and old raises the question of the equity of government policy. Still, other factors besides government action seem to be at play in raising child poverty rates. One of the most important factors is the increase in the fraction of America's children living with a single parent. In 1989, 73 percent of all American children, 67 percent of Hispanic children, and 38 percent of black children lived with both parents. The respective 1970 figures: 85 percent, 78 per-

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cent, and 59 percent. Rates of child poverty are far higher among single-parent than among two-parent households. Almost 50 percent of children living with a single parent are poor, compared to only 10 percent of children living with two parents. All told, about two in every three poor children live in single-parent families.

The increase in children living with one parent can be traced to two factors—the increase in the U.S. divorce rate and the increase in the fraction of children born out-of-wedlock. Today, 13 percent of Americans aged 35 to 44 are divorced, compared to only 3 percent in 1960. As a consequence, two children in five now grow up in divorced families.

The increase in the fraction of children born to unmarried women is even more dramatic. In 1970 just over 10 percent of children were born to unwed mothers; today, the figure is over 25 percent. This explosion of out-of-wedlock births has affected both whites and minorities. In the case of whites, the 1970 share of births to unwed mothers was 6 percent; it was 18 percent by 1988. In the case of blacks, the share of births to unwed mothers grew from 38 percent in 1970 to 64 percent in 1988.

Consumption then and now

The increase in the poverty rate of children relative to that of adults suggests a deterioration in the relative living standards of children, but is not conclusive for the simple reason that impoverished children make up only a portion of the entire population of children.

One way to assess the change in living standards of all children vis-a-vis all adults is to consider changes over time in the age-consumption profile. Consider, for example, the average consumption of children aged 10 versus the average consumption of adults aged 70. In 1972-73, the consumption of children aged 10 averaged 37 percent of the consumption of 70-year olds. But by 1987-90, it averaged only 31 percent. Thus, the consumption of 10-year olds relative to that of 70-year olds fell by over 16 percent across the two periods.

What explains the recent increase in the relative consumption of the elderly? The answer is that over the past twenty or so years their income has grown much more rapidly than that of other age groups. In 1968, income per elderly household aver-

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aged 43 percent of income per household aged 35-44. By 1984, this figure had risen to an average of 54 percent. Thus the income of the elderly relative to that of households aged 35-44 rose by 26 percent over the sixteen-year period. It rose by an even larger percentage—45 percent—relative to that of households aged 25-34.

If anything, these numbers are likely to understate the recent growth in the relative income of the elderly, because they do not include the value of government-provided health care benefits, such as those from Medicare and Medicaid.

Plusses and minuses

Has the government helped to offset or worsen these trends? One way to approach this question is to consider the government's direct transfer payments to different age groups, as well as the taxes the government collects from the various groups.

Older Americans receive transfer payments that are many times greater than those received by children. In 1970, for example, the average transfer payment made to 70-year old women was $5120, while the average transfer payment to 10-year old girls was just $350. In 1990, the comparable figures were $10,467 paid to 70-year old women and $410 paid to 10-year old girls.

The elderly do, of course, pay far more in taxes than children, even if we impute sales and excise tax payments to children. In 1990, for example, the average tax payment of 70-year old women was $7262, while the average tax payment of 10-year old girls was $799. However, if one subtracts these tax payments from the transfer payments received, the resulting net payment figures, $3,205 and -$389 respectively, still show that the elderly benefit much more than children from government transfers and taxes.

The transfers and taxes just considered do not provide a complete picture of the annual flow of economic resources between the government and the private sector. The main omission is the flow of services provided directly by the government. These services are wide-ranging, and include the protection afforded by national defense, the reduction of travel time and transportation costs arising from the federal, state, and local road systems, the provision of public education, and the general knowledge produced by the space program. With the exception of educational

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expenditures, however, which in the main benefit children, government purchases consist of public goods, the benefits of which cannot clearly be ascribed to particular generations or groups within generations.

Nevertheless, educational expenditures are still worth considering because they are fairly large (albeit of dubious quality). In 1990, spending on elementary education by federal, state, and local governments totaled $220 billion in 1991 dollars—pretty close to the amount spent that year on Social Security retirement and survivor benefit payments. If we divide the $220 billion spent on elementary education in 1990 by the 72.3 million children alive in 1990, we arrive at a per child expenditure of $3042. The comparable calculation for 1970 reveals an average educational expenditure of $1785 per child (measured in 1991 dollars).

These figures indicate that educational expenditures far outweigh transfer payments as a means of providing assistance to children. They also show that since 1970 there has been a dramatic increase (70 percent) in real spending per elementary schoolage child. Finally, they show that even if one adds to current per child transfer payments today's historically high educational spending, one still arrives at a total government payment flow to children that is considerably smaller than the flow to the elderly. This is true whether one calculates this flow net or gross of tax payments.

While the flow figures are striking, ignoring the fact that children and the elderly are at different stages of their life cycles seems clearly inappropriate. Does it make sense, for example, to claim that the elderly are being treated better than children because they receive large Social Security benefits? Such an assertion ignores, among other things, the fact that the elderly didn't receive much in the way of benefits when they were children, and the fact that today's children may receive large Social Security benefits when they become old.

Fortunately, generational accounting can help us assess the true generational equity of government policy. Generational accounts reflect what members of a generation can expect to pay, on average, in net taxes (tax payments minus transfers received) over their lifetimes. Such accounts can be used to compare the government's treatment of different generations, since they take

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account of all taxes and transfers over the life cycle.

What we pay

What generational policy is actually in place? One way to determine this is to examine the net tax rate of each generation: the average amount of taxes a generation will pay minus the benefits it will receive, all divided by its lifetime income. This figure has risen significantly over time, increasing from 22 percent for the generation born in 1900 to 34 percent for the generation born in 1991.

Gross tax and transfer rates have also risen over this period. The lifetime transfer rate (transfers divided by income) nearly quadrupled between 1900 and 1991, from 3.3 percent in 1900 to 12.2 percent in 1991. The increase was more rapid, in both relative and absolute terms, for the generations born before World War II than for those born after.

Because of the need to pay for higher transfers and government purchases, the gross tax rate has also risen in the past two decades, while the net tax rate (taxes minus transfers) has stayed fairly constant. The gross tax rate is 25 percent for the generation born in 1900, and 46 percent for the generation born in 1991.

What our children will pay

We've not yet discussed the tax rates to be paid by future generations. Some generation must pay the government's bills, and if current generations do not pay as much in taxes as they receive in benefits, future generations will be forced to cover the difference.

Unless present-day Americans are made to pay more, on net, over their remaining lives, future Americans will face lifetime net tax rates of 71 percent—more than twice the lifetime net tax rate to be paid by Americans born in 1991. This figure assumes that the generations living now will continue paying no more than they are at present. Of course this is just an assumption. It is made not because of its infallibility, but rather to illustrate the extent of the imbalance in U.S. generational policy. As we discuss in the next subsection, other assumptions about the evolution of future U.S. fiscal policy lead to lower lifetime net tax

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rates for future generations, albeit at the price of higher rates for current generations, particularly younger ones.

Is current policy equitable?

Today's American children face much higher lifetime net tax rates than do today's elderly. The generation born in 1991, for example, faces a lifetime net tax rate that is 27 percent greater than that of the generation born in 1920. This discrepancy would be exacerbated by changes in U.S. fiscal policy that might be taken to prevent future generations from paying over 70 percent of their lifetime net incomes to the government.

Consider two possible changes in U.S. fiscal policy. The first of these involves placing a cap from 1993 to 2004 on all federal spending on mandatory programs, with the exception of Social Security and deposit insurance. Medicare and Medicaid are the two programs that would experience the largest cuts. The second possible policy is a surtax on the federal individual income tax, which would last from 1993 to 2004 and produce the same deficit reduction as the cap.

Both of these policies would dramatically lower the lifetime net tax rates of future generations. Under the mandatory cap policy, future generations would pay only 41 percent of their lifetime incomes to the government. Under the surtax policy, future generations would pay 46 percent. While these means of bringing U.S. generational policy into closer balance are good for future generations, they would of course harm current generations. The surtax, for example, would force children born in 1991 to pay 40 percent of their lifetime incomes to the government rather than 34 percent. The cap and surtax would also raise the lifetime net tax rate of today's older Americans. If the surtax were implemented, there would be a 53 percent difference in the lifetime net tax rates of children born in 1991 and those born in 1920.

Is it fair that today's children may have to hand upwards of 40 percent of their lifetime income over to the government while their grandparents will end up paying just over a quarter of their lifetime income? The answer depends on several factors. First, today's children will, it appears, receive more services in the form of educational expenditures and public goods than will today's elderly. Second, certain types of contributions made by

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today's elderly, such as fighting World War II, are not factored into the analysis. Consideration of these special contributions might suggest a lower lifetime tax rate for the current elderly. Third, the steep increase in lifetime tax rates may be justified to the extent that society's notion of generational equity entails equalizing the after-tax incomes of current and future generations.

If, however, society's notion of generational equity entails extracting an equal proportional sacrifice from each generation, these numbers are highly discomforting. They reveal a U.S. generational policy that will burden today's children much more than today's elderly. Tomorrow's children, meanwhile, are likely to be burdened even more.

Regardless of how one views the data presented above, it is worth pointing out that they are likely to understate the generational differences in economic well-being generated by U.S. fiscal policy. The reason is that every tax dollar the government has failed to collect from past and present generations has meant another dollar available to finance additional consumption. In consuming more, these generations have raised total U.S. consumption and lowered total saving. While there are certainly other factors beyond generational policy at play in explaining the recent decline in U.S. saving, generational policy has surely played a significant role. The U.S. is now saving at record low levels. In 1991, for example, the U.S. saving rate was only 1.7 percent—dramatically lower than the almost 9 percent rate observed during the years 1950-1969.

Lower saving means lower investment, which means a slower rate of growth of the U.S. capital stock relative to the U.S. labor force. Since labor productivity depends on the amount of capital available per worker and since wages reflect labor productivity, the decline in saving is responsible for lower U.S. wage growth. It is also responsible for raising the return to capital, since it has made capital more scarce relative to the other factor of production—labor—than would otherwise have been the case. Those who have been harmed most by slower wage growth are today's young and middle-aged workers, who have experienced very slow growth in their hourly pay over the past two decades. If the low rate of U.S. saving continues, today's children will also experience very slow wage growth once they enter the workforce.

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Since the late 1970s, on the other hand, the return to capital has been quite high, and the main beneficiaries of this high return have been today's elderly, who are the primary owners of capital.

Passing the buck

A significant body of evidence points to a deterioration in the living standard of children relative to that of adults. There also has been a rapid increase in the lifetime net tax rates of American generations born through the course of this century. Americans born at the turn of this century paid just over a fifth of their lifetime incomes to the government. Those born at the beginning of the next century are likely to pay well over half of their lifetime net incomes to the government.

Does this considerable disparity imply that U.S. fiscal policy is generationally inequitable? The answer depends on society's notion of generational equity, on society's assessment of the special contributions that particular generations have made to the country, and on the level of benefits being provided to different generations as a result of government purchases of goods and services. But it is undeniable that the cost of the U.S. government's kind treatment of today's elderly will be borne on the backs of tomorrow's children.

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The seeds of urban revival

MITCHELL SVIRIDOFF

NO MATTER WHAT the measurement—unemployment, welfare rates, crime, infant mortality, out-of-wedlock births, school achievement, homelessness, substance abuse—the condition of urban America, at least in the older cities, has worsened significantly in recent years.

At the political extremes two prevailing philosophies color policy discussions of this decline of the ravaged inner city and its desolated inhabitants. Doctrinal liberals persist in the belief that a resolute commitment to poor people and to poor places is all that is needed. Victory can be assured by a sufficiency of pledged resources—to reindustrialization and well-paid jobs, to education, health care, drug treatment, to more generous welfare supports, and to the criminal justice system. The fearsome epidemic of crime and social pathologies, notwithstanding the infusion of billions of remedial dollars, is merely the measure of insufficiency. Too little money has been spread too thinly, too episodically, and too impatiently to fulfill a wealthy nation's possibilities. The war on poverty has not been won because, to revert to yesteryear's commonplace, it was never genuinely

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fought—a failure of will and compassion.

Doctrinal conservatives, incurable disbelievers in solution-by-budget, stand a pendulum's swing away, taking the position that only little is possible, and not much of that by spending. In their bleak view, resources and resolve count as nothing when pitted against the moonscape of the inner city's meaner streets, the savage killing fields of its public housing, the decay in social mores that breeds not just a resignation to teenage pregnancy but its very celebration, an indifference to the classroom and the diploma, a scorn for the humble entry job, and the casual dismissal of prison as a rite of passage. Confronted by the enervating forces no one really knows how to stay, and by the destructive behavior no one knows how to alter, the best policy, the disbelievers say, is no policy. Let nature run its unimpeded course. Let the inner city come to what it will, who knows what.

Neither of the extremes—massive reengineering or laissez-faire—is the mainstream view, nor apt to govern public policy and urban programs in the years ahead. But if the last presidential campaign is telltale, the tilt is toward diminished and guarded intervention. The anti-deficit fervor and present mood of Congress confirm the suspicion that this is the direction of national policy.

The thrust of this article is that if the all-is-possible liberal distorts reality so does the nothing-is-possible conservative. As is true of most complex realities, the actualities fall in between. The harder question is, where in between? The answer is not easy. The developments at the neighborhood level, from which this paper draws encouragement, represent a nascent revival phenomenon not yet fully catalogued, with outcomes not yet fully assessed. The critical element common to all of these hopeful developments, discussed in some detail later, is the presence, whether by design or sheer happenstance, of a strong and stable social organizational structure—or, at least, the promise that such a condition is on the way to being achieved. This is a subject, the significance of which has been neglected, if not totally ignored, by policy advocates across the political spectrum.

In the presidential campaign of 1992, Bill Clinton's reluctance to make explicit statements about the urban crisis reflected what appeared to be the popular mood—one that had lost patience with the notion that new investments to resolve

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urban dilemmas had any reasonable chance of success. The deaf ear that Clinton turned to Jesse Jackson's entreaties on behalf of urban America was widely interpreted as a calculated judgment that there was no mileage to be gained in advocating time-worn liberal bromides for coping with inner-city problems. There were few voices, even among traditional liberals, to challenge this premise.

There were, however, three specific programmatic exceptions to Clinton's delicate handling of inner-city issues: first, his eagerness to highlight the particular problems of children in poverty, with a willingness to expand investment in programs designed to ameliorate their condition; second, his advocacy of a fundamental change in welfare, namely, that it be time-limited, with mandatory job training and education for welfare recipients, who would be required at some point either to find employment or perform some form of community service; and third, his endorsement of enterprise zones—tax incentives for economic development in the inner city—as well as the creation of one hundred community development banks.

Here were three themes that seemed to avoid the ideological booby traps of the past and to resonate positively with the electorate. The first appealed to a deep-rooted compassion for the suffering of children and concern for the future of the nation; the second to a conviction that the welfare system "as we know it" aggravates dependency and can be countered only by a new emphasis on work as an alternative to welfare—an appeal to the American work ethic; and the third to a widespread belief that the entrepreneurial spirit is a potent force that has not been adequately engaged in dealing with urban poverty—an expression of America's traditional faith in the market and free enterprise. This notion was promoted with the new found slogan of "community empowerment"—another American value that seemed to have the right political ring.

People vs. place

Although Clinton's approach is set forth in new language that seems responsive to the country's current mood, his urban ideas are an extension of a long series of "people" vs. "place" policy conflicts. Two of his themes are "people" oriented, namely the plight of children in poverty and the reform of the welfare

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system. The third, enterprise zones (later renamed empowerment zones in the administration's proposed legislation) and community development banks, is "place" focused.

The people vs. place alternative has been posed explicitly in the past, most notably in the closing days of the Carter administration in 1980, when a special presidential commission on "Urban America in the Eighties" headed by William J. McGill, former president of Columbia University, forcefully espoused the abandonment of all place-oriented programs. The commission argued not only that cities are "no longer the most desirable settings for living, working or producing," but that an insistence on aiding them would inhibit national "policies that seek to increase productivity, to expand markets, to create jobs, and to nurture new industries." Stated differently and harshly, let the people move to where the jobs are and let the national government stop worrying so much about people and places left behind.

The McGill Commission's recommendations sharpened a growing and nagging sense that the urban problem, defined by "place," might well be intractable. Even today, of the two programmatic thrusts, the "people" emphasis draws the least opposition in policy circles. There is little dispute about the need for more effective ways to cope with human misery, education, and work-skill deficiencies, poor health, substance abuse, battered wives, "deadbeat dads," crime and delinquency; the list goes on. Differences abound about the "how," not the "should." How to reform welfare, or education, or the health system, or foster care, or how to treat aberrant behavior is the subject of intense debate; rarely is a case made not to intervene in some way, or to ignore these conditions and let the problems work themselves out through natural processes. Not so with place. Here there is substantial doubt from both the left and the right about the efficacy, to begin with, of government intervention.

Yet there are compelling reasons why place cannot be ignored. To begin with, despite the predictions and urging of the McGill Commission, large numbers of poor people *cannot* move to where the jobs are. Suburbs, or the so-called "better" neighborhoods, are either beyond their economic reach or, because of discrimination, difficult for them to penetrate. Even among those who might be able to move, moreover, many long-time residents and their families are deeply rooted in place. Their longing for

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the return of the old days when the neighborhood was a good and a safe place to live, despite its poverty, may be an empty dream, but this is where they prefer to remain. Some, in fact, stay because, like those vividly described by Jill Jonnes in *We're Still Here: The Rise, Fall, and Resurrection of the South Bronx* (Atlantic Monthly Press, 1986), they do indeed believe that their environmental plight is not beyond redemption—a testament to the durability and resiliency of the human spirit. (Nor, one must add, have the alternatives to place strategies, people programs, been more successful.)

Enterprise zones

At the very moment the policy pendulum swung to people, Ronald Reagan, as a proponent of enterprise zones (EZs), proposed to revive the place approach. Although Congressmen Jack Kemp and Robert Garcia drafted the first national EZ legislation in 1980, it was Reagan who elevated enterprise zones to conservative orthodoxy, simply by arguing that taxes and regulations were inhibiting economic growth in blighted areas. His remedy of tax credits, most of them targeted at employers, was meant to unleash the transforming power of the free market in lagging areas. The entire proposal would have been funded through tax expenditures. Tax reductions and the elimination of regulations would solve, or at least ameliorate, the problems of blighted communities.

As Sar Levitan of George Washington University recounts in his chronicle of EZ politics, *Enterprise Zones: A Promise Based On Rhetoric* (Center for Social Policy Studies, The George Washington University, 1992), liberals found their own reasons for supporting EZ proposals. Charles B. Rangel, a Harlem Democrat who introduced a later Bush proposal in the House of Representatives, welcomed any experiment offering the chance of relief in distressed districts. And most pragmatic urban advocates understood early in the Reagan years that direct subsidies to urban areas would prove impossible to enact. Tax relief, the preferred Republican approach, eventually was the sole vehicle to achieve their goals. The liberal-conservative coalition prevailed and, in the wake of the L.A. riots, passed President Bush's EZ legislation. Because it was included in an omnibus budget bill that called for tax boosts, President Bush vetoed his own proposal.

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During this decade-long debate, which featured five congressional defeats of various EZ proposals, many advocates introduced as supporting evidence the supposed success of a British zone system and the various zone schemes that were adopted by thirty-seven American states during the 1980s. But both the British and the state experiences addressed different goals, and even where they shared the goals of the Reagan-Bush proposals, the record of their impact is shaky at best.

Even where the local successes are not disputed, the results are typically interregional competitions that produce job gains for the enterprise zones but result in destabilizing job losses in other, mostly contiguous areas, likely equally depressed. From a *national point of view, this is a zero-sum game. Since no cred*ible national policy would explicitly endorse an attempt that robs Peter to pay Paul, the state experience is of doubtful relevance to a national zone policy.

Critics also charge that the national enterprise zones make weak foundations for urban policy because they are based on a flawed diagnosis of urban problems. They are place strategies that fail to address the critical people problems of urban places. EZs may offer tax credits to employees or employers, but underestimate the obstacles that poorly educated, untrained zone residents pose for growing (or even relocating) businesses. Equally important is a failure to take account of the burdensome costs associated with the recruitment, security, and insurance needs of businesses that choose to locate in disorganized and crime-ridden areas. Economic incentives alone are unlikely to transform workers with few skills into productive assets, nor chaotic environments into profitable industrial or commercial sites.

The recently passed legislation designates nine "empowerment zones" and, with shallower benefits, an additional ninety-five "enterprise communities," an expanded place strategy that attempts to combine economic incentives with direct intervention. An array of federal incentives—mostly directed at employment and job training—would cost $2.5 billion in forgone taxes over five years. In addition to the traditional incentives, Clinton has added direct programs, at a cost of approximately $1 billion, for a range of social services. All of these, along with special exemptions from onerous federal mandates, will be awarded on a competitive basis to the communities that best demonstrate a strate-

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gic plan to make local government more efficient.

The limitations of pleasing rhetoric

Clinton's urban approach, by necessity, steers a carefully balanced course between the politically appealing and the substantively meaningful. His people emphasis—on welfare reform and aid for children—steers clear of the pitfalls of explicit place-based policies. And his one foray into the place arena—enterprise zones—is consistent with a conservative New Democrat belief that unshackling entrepreneurial energy is the best remedy to America's problems. At the center of this place strategy is the notion that a new combination of economic incentives, human capital investments, and comprehensive planning to rehabilitate the infrastructure of the zone will be sufficient to reduce the dysfunctional behavior and alienation that now overwhelm so many neighborhoods in the older cities. But however thoughtful the policy and careful the packaging, Clinton's thrust is likely to meet the fate of the many well-intentioned efforts of the past forty years unless it can plant the seeds and nurture the most critical of all ingredients essential to the successful revitalization of these desperate places—stable social organization.

It is clearly unrealistic to envision a sweeping or dramatic renaissance of the inner city. But even as matters have gotten worse, and while national discourse has been distracted by the enterprise zone debate, at least three unmistakably important but not very well understood signs of improvement have appeared.

Signs of hope

Today's map of urban America is dotted with solid pockets of revival. Rough estimates put their numbers in the high hundreds and there may well be more. These pockets draw strength from three sources: a rising minority middle class; massive and accelerating foreign immigration; and a uniquely efficacious instrument for neighborhood governance—the community development corporation (CDC). Richard Nathan, provost at the State University of New York at Albany and director of the Rockefeller Institute of Politics, has defined one type of these regenerating

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pockets as "zones of emergence." But I choose to apply this useful term to all three sources of growing energy since it expresses the common element of an exceptionally diverse experience.

The first class of emerging zones has been described by Nathan in his recent book, *A New Agenda For Cities* (Ohio Municipal League Educational and Research Fund, 1992). In his visits to urban neighborhoods across the country over the last several years, Nathan reports evidence of a new landscape between the declining inner city and the prosperous suburbs: economically productive and socially stable urban neighborhoods—most of them characterized by a racial and ethnic mix.

It is to describe such pockets of rejuvenation that Nathan has revived the term "zones of emergence," coined at the turn of the century by Harvard University researchers Albert Woods and Robert Kennedy to describe flourishing working class and lower middle class neighborhoods. By "emergence" they meant the movement of low wage earners from the slums into the mainstream of American society. Most of the residents of zones of emergence became homeowners. Ownership, as Woods and Kennedy noted, "furnishes an extremely valuable training in acquisition and has great utility as automatically interesting the owner in government, neighborhood, and general community as nothing else does." Although research to document the location and extent of these zones is still in the earliest stages, Nathan identifies large areas of New York, particularly in the outer boroughs, as well as Cleveland, Kansas City, Indianapolis, Dallas, St. Louis, Columbus, and countless other older urban centers scattered across the country fitting the zone of emergence definition. This promising phenomenon is nicely exemplified by Laurelton and Springfield Gardens in southeastern Queens, and Fort Greene and Clinton Hill in north Brooklyn. Both stretches have attracted minority professionals, civil servants, and small businessmen who, via home ownership, have rescued a fine but decaying housing stock. Jamaica Avenue and Fulton Street, the areas' respective shopping streets, are busy places, and it is no mystery why a number of national chains are proceeding with substantial investments, partially reversing the steady disinvestment of the past.

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The new immigrant

Of greater consequence, since its in-place and future population is so vast, is the second category, an ever-increasing number of immigrant settlements. Masses of new people arrive each day, uplifting forsaken neighborhoods in ways beyond the expectation of earlier and failed urban redevelopment. They demonstrate, as did the older migrations, that new people possessed of a sturdy work ethic and stable families matter more than buildings.

As the immigrants filter into drained communities, they refill churches and schools. Retail streets are rejuvenated and boards come off the store windows. Even in the current real estate depression, when prestigious shopping streets experience unprecedented vacancies, one sees few if any for-rent signs in the enclaves of immigrant concentration. A representative example is an old working-class neighborhood in southwest Brooklyn, Sunset Park, graphically described by urban economist Louis Winnick in his book *New People in Old Neighborhoods* (Russell Sage Foundation, 1990). Sunset Park had been the creation of prior waves of immigrants, primarily Irish, Italian and, famously, Scandinavian. These older ethnic populations were among the first to join the exodus to the suburbs and beyond, leaving only small pockets of Irish and somewhat larger pockets of Italians behind. They left behind, too, a century of heritage observable in a diversity of Catholic and Lutheran churches, in the faded signs on storefronts and buildings, in the names of parks and community institutions.

The moribund neighborhood, resettled first by Puerto Ricans through the seventies and early eighties, was later, and with considerably greater economic vigor, populated by Dominicans and Chinese. The Dominicans, entrepreneurial in spirit, opened bodegas by the score, which were soon expanded into mini-supermarkets; supermarket chains that had abandoned the area returned as Dominican-owned or managed franchises. The Chinese entry was a complete surprise. Sunset Park had no prior Chinese population save for a few laundries and a Chinese restaurant or two. The stimulus for the unexpected inflow is the direct subway connection with Manhattan's historic Chinatown, now bursting at the seams, its real estate prices at dizzy heights, and unable to contain the unceasing in-movement. Chinatown's small garment manufacturers moved to Sunset Park's cheap fac-

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tory spaces, taking their labor force of Chinese females with them. The women and their families, the husbands usually low-paid waiters and busboys, soon found acceptable housing, more spacious than anything conceivable in old Chinatown. The continuing in-movement has accelerated, transforming Sunset Park into New York's third Chinatown and Brooklyn's first.

The new Chinese, even more entrepreneurial than the Dominicans, generated a large, still expanding economic base in the local community, anchored in the nearby factory establishments and in the restaurant rows on both sides of 8th Avenue, Sunset Park's Chinese spine. This immigrant enterprise has created considerable income and wealth, reflected in a wholesale transfer of two- to six-family houses. How, one may wonder, did families whose breadwinners are garment workers, waiters, and small retailers eke out the by no means inconsiderable purchase price? The answer is multiple earners per family, a spectacular savings rate, extra-legal renters, and, no doubt, some other help from the underground economy.

Evidence of the new foreigners' mark, to take another instance, is found in Newark's Ironbound District, a fallen area subsequently remolded by Portuguese immigrants. From Thomas Muller's recent Twentieth Century Fund study, *Immigrants and the American City* (NYU Press, 1993):

> The new Portuguese community ... recalls immigrants of the 19th century.... In Ironbound 30,000 reside in renovated and well-maintained small houses they purchased. A considerable proportion of the males work as construction workers; the women work in the factories or as homemakers. Dozen of Portuguese-owned restaurants, bakeries and grocery stores and travel agencies line the commercial corridors. This almost totally self-sufficient section of Newark is a striking contrast to an area only a mile or two north where massive public housing projects, now mostly abandoned, await demolition. Newark is beginning to recover from the stigma associated with its name. The Portuguese and lesser numerous other immigrants are contributing to this economic recovery.

Muller might have added that the bright Portugese restaurants and cafes, widely patronized, have recaptured for their section of Newark a long-missing nightlife.

It is doubtful that public policy can accelerate the immigrant-based renewal in any significant way. It is difficult to improve on the entrepreneurial force rooted in their unique traditions. Be-

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yond that, though, immigrant groups tend to have minimal dealings with government agencies. Asians are most famous for this aversion, which keeps them away from welfare, Small Business Administration (SBA) loans, landlord and employer grievance boards, and even police services. They look instead to self-created remedies like "kinship capital," poolings of income from which business-ready, micro-capitalists can borrow on a periodic basis.

The community development corporation

Both the immigrant transformation and the rising minority middle class zones of emergence are more or less spontaneous events that illustrate how cities were once thought to be: complex economic and social organisms that succeeded because they were useful, not because urban policymakers had devised the proper aid formulas. The third source of inner-city revitalization, the community development corporation (CDC), gets closer to the most troubling aspects of urban life today.

The CDC is a non-profit, community-based organization governed by a board consisting primarily of neighborhood residents and business leadership, generally found in distressed neighborhoods, and dedicated to the revitalization of a discrete geographic area usually defined by traditional neighborhood boundaries. It has transformed, with guidance and support (although mostly non-governmental), neighborhoods that lack almost entirely the social resources of the powerfully motivated and tightly knit immigrant families and the economically and socially secure settlers of Kennedy and Woods' classic zones of emergence. These are the neighborhoods a national administration ignores easily—but at its peril. Here the CDC experience is instructive, perhaps even compelling.

CDCs in their present form grew out of a mounting disillusionment in the late sixties with centralized government solutions to local social and economic problems. This was largely a reaction to the perceived failure of the succession of federally designed strategies that began with urban renewal. The single most important federal effort to decentralize decision making and delegate authority to the community level was the Community Action Program (CAP), a key element in the War on Poverty. Under CAP, federal funds flowed directly to community-

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based organizations, bypassing city and state governments, much to the consternation, if not the fury, of mayors and governors. By 1966, CAP ran into a buzz saw of political opposition from mayors and their local political machines who, in addition to taking affront at being ignored, saw the federal government as financing their political opposition. Other complications with the CAP program related to a lack of management capacity and political sophistication at the community level, all of which ultimately led to a rapid decline in the program's public support. This failure further exacerbated the growing public mood of disenchantment with federal leadership in urban policy.

Out of this pessimistic atmosphere, largely as a result of Senator Robert Kennedy's persistent efforts, emerged the concept of the CDC. This new non-profit, community-based corporation would emphasize economic and physical development, as opposed to community action and advocacy, as the centerpiece of a broader social design to include housing, health, employment, human services, community rehabilitation, and education. The Bedford-Stuyvesant Restoration Corporation served as the prototype for the new CDCs. It entered into a partnership with the local government and the corporate and philanthropic communities in order to lessen its dependence on the federal government and increase its flexibility and maneuverability. It looked to its corporate partners to provide it with the highest quality technical assistance as well as financial support.

Though never explicitly stated, the partnership concept implied a collaborative style of leadership, a sharp contrast to the contentiousness associated with its predecessor—community action. Freed of this complicating political baggage, the Restoration Corporation early on attracted large amounts of private as well as public money for housing, economic development, and a variety of human service programs. Several major insurance companies committed a significant pool of mortgage money to help the new entity with its housing revitalization program. Another co-venturing approach produced the first supermarket to be built in Bedford-Stuyvesant in several decades. Corporations also gave substantial financial, managerial, and technical support for specific projects, and several top corporate executives generously gave time and talent to the day-to-day operations of the corporation.

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In terms of social organization, a prime concern of this paper, the Bedford-Stuyvesant area, though populated with a large number of very poor families, had the advantage of a strong home ownership base and a substantial civil-service population—powerful assets in community stabilization efforts. Restoration's community organizing strategy centered around the rehabilitation and stabilization of the area's handsome brownstone blocks, in addition to highly productive efforts to increase the supply of new and rebuilt housing for poorer residents.

The country took notice of Restoration's success. Special legislation, tacked on to a 1966 amendment to the Economic Opportunity Act, encouraged replication of the Bedford-Stuyvesant experiment in various parts of the country. In addition, the Ford Foundation, through the late sixties and seventies, provided more than $100 million in grants and program-related investments to a group of these development corporations to test their effectiveness in coping with the problem of declining urban and rural centers.

By the late 1970s, a dozen or so major CDCs akin to Restoration had proved themselves effective agents of neighborhood revitalization. At the same time their philanthropic sponsors—notably the Ford Foundation—anticipated the impending withdrawal of the federal government from distressed urban areas. Already interested in finding ways to broaden and strengthen this promising invention, Ford decided to test the notion of a privately supported, free-standing, highly skilled "intermediary." It would seek out promising CDCs and enlist project investments from the private and public sectors to help them achieve higher levels of effectiveness and self-sufficiency. This led in 1979 to the creation of the Local Initiatives Support Corporation (LISC), the earliest of a number of national intermediaries that were created to serve different segments of the community development universe.

LISC

LISC was capitalized at the outset with $10 million, half from the Ford Foundation and half from six corporations and one additional foundation. It is not easy to apply a market test to philanthropic endeavors, but one test surely ought to be the ability of a program, once underway, to attract fresh resources.

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A second test is the extent to which the model is copied. An ineffective idea will not only fail to attract new resources over time; it is also unlikely to be an object of significant imitation. Judged by both of these criteria, LISC and its allied community development movement have easily met the market test.

Since its original $10 million in 1979, LISC has raised more than $880 million from 1,100 separate private-sector sources to support 875 CDCs in thirty cities and regions. Together LISC and its 875 constituent organizations have jointly leveraged another $1.9 billion and built or rehabilitated 44,000 affordable homes and 7.7 million square feet of commercial space to help in the revitalization of some of the most distressed neighborhoods in the country.

The stature of CDCs rose further in 1983 with the creation of the Enterprise Foundation, another national intermediary. Its founder James Rouse, a renowned urbanist, retired from a highly successful career as one of the country's most creative urban developers to devote his formidable talents and energy to the building of affordable housing for the very poor. Since its inception ten years ago, the Enterprise Foundation has assisted over 300 community-based development corporations in 100 cities. Enterprise has played a major role in stregthening non-profit housing development groups, forging local housing partnerships, helping local groups link needed services into the housing produced, and in demonstrating creative approaches to community development. Through 1992 Enterprise had raised $670 million in private capital for over 25,000 housing units produced by the groups with which it is working.

The current state of community development, at least in housing, economic, and management terms, is summed up concisely in the following passage from a paper by Chris Walker of the Urban Institute, prepared for the Federal National Mortgage Association in June 1993:

> By the end of the 1980s, a rudimentary national non-profit housing development sector had emerged. At the national level, the rise of intermediaries to mobilize capital, provide technical assistance, and help create local non-profit housing production systems dramatically improved the capacity of the non-profit sector, nationwide, to undertake housing and community development projects. Locally, a number of metropolitan areas, central cities, and even rural areas, created intermediary institutions that in many ways replicated lo-

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cally the functions performed by their national counterparts. Partly as a result of these activities, but also in response to declines in the federal aid for housing production, state and local governments have infused new resources into the sector.

These developments all have offset to a degree the critical problems faced by the sector: financial complexity, undercapitalization, limits to technical capacity, high risk, and tensions between political and technical claims on public sector resources.

The rise of the national, state, and local intermediaries is the single most important story of the non-profit development sector in the 1980s. Arguably, without this source of support for grass-roots development activity, state and local governments would have displayed far less responsiveness to non-profit developer needs over the decade. Intermediaries as a group have performed three vital functions in the sector: (1) mobilization of capital, including project, operating support and pre-development finance, and critical assistance in financial packaging, (2) provision of technical assistance in both financial packaging, project development and local institution-building, and (3) as a result of the preceding two functions, legitimation of CDCs, enhancing perceived technical competence and reducing risk to both public and private sector funders.

National intermediaries, including the Local Initiatives Support Corporation (LISC), the Enterprise Foundation, the Neighborhood Reinvestment Corporation (NRC) and the Housing Assistance Council (HAC) raise funds for and provide technical assistance to non-profit developers. National intermediaries possess enormous advantages of scale economies, affording individual CDCs and projects access to tax credits and corporate equity investments, secondary mortgage markets, and lender commitments. National intermediaries have been the single most important stimulus to local creation of housing partnerships and other local intermediaries.

CDCs and social organization

Though the foregoing citation is in my judgment a coherent and accurate summary of the current state of community development, particularly with respect to CDCs and housing production, it makes no attempt to deal with the broader agenda of community development. The true significance of community development, of which housing production is but one important part, relates to this more ambitious mission of CDCs, namely, the rebuilding of shattered communities socially as well as physically and economically. Indeed, the experience of the past sev-

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eral decades in distressed inner-city neighborhoods underscores the proposition that physical and economic development is not likely to be effective without social stability.

Despite the need to achieve these broader goals, housing usually is the point of entry for a new CDC—and for obvious reasons. The need for affordable housing is critical. The ability of a newly formed community organization to successfully construct or rehabilitate housing to respond to that need against great odds is the shortest path to community credibility. Without such standing a CDC can accomplish little of lasting value.

The first step in this process is the acquisition of property, whether for new housing construction or rehabilitation; next, the planning, pre-development and financing of the project, followed by the actual construction or rehabilitation of the property; then the rent-up or sale, followed by the responsibility to maintain it, and to make certain that it can support itself financially.

CDCs work by necessity with what is known as "patchwork" financing—the stitching together of a financing package that may include a half dozen or more separate sources of investment including, but not limited to, the Low-Income Housing Tax Credit; a Community Development Block Grant allocation from the federal government via the city; other city or state financing, possibly tax-exempt; private or philanthropic funds for pre-development costs or gap financing; Federal Housing Assistance (FHA) or another form of mortgage insurance or financial enhancement; bank construction and permanent financing; a Department of Housing and Urban Development (HUD) subsidy, if available, depending on the specific purpose of the housing, and so forth. Mastering the development process and patchwork financing is the first step in the acquisition of entrepreneurial skills—but only the beginning.

Once a CDC's first project is completed, its survival depends on maintaining neighborhood support. This requires a demonstration of the ability to produce housing, manage it efficiently, and attract economic investment on a sustained basis. These are program objectives that are constantly pressing on the CDC for attention. Furthermore, CDCs must be managed in a way that will effectively counteract the socially destructive forces that tend to overwhelm these areas or the program will in short order self-destruct. This raises sensitive issues of tenant selection, rejec-

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tion, eviction, rule enforcement, timely rent collection, and how to deal with drugs, prostitutiton, adolescent vandalism, graffiti and sanitation—the myriad of troublesome problems pervasive in communities of concentrated poverty, alienation, dependency, and denial. For this mission the CDC and its leadership at the outset have no guidebook; instead they look to the experience of others, the tools of community organization, tenant education, basic management skills, a civic commitment, perserverance, political sophistication, street smarts and luck—no small mission.

This is where the education and development of community leadership and institutional capacity begins. And this, too, is where begins the offensive against disorganization and chaos. The responsibility for all of the other tasks associated with this complex effort demands the development of management capacity. The relationships with the various public and private actors in the process sharpens interpersonal and political skills. Most important is mobilizing and retaining the support of the community—the constituency to whom the CDC and its leadership are accountable—the ultimate challenge to organizational abilities.

Leadership and institutional capacity

When these various stages of development, management, and organization are completed there is now present in the community, likely for the first time since the onset of deterioration, a new institutional force with that rare combination of entrepreneurial, management, political, and organizational skills—in short—leadership and institutional capacity. In addition, there is probably now in place a specific development agenda, and beyond the agenda, the availability of financial and technical resources from one or another local or national intermediary that has probably helped bring it all to fruition in the first place.

The community development process has begun. Of the three kinds of emergent zones the CDC is perhaps the most challenging of all. CDCs begin their precarious lives as fragile instruments, vulnerable to every manner of failure. But those that succeed restore against smothering odds a viable physical habitat and economic gains. More importantly they recapture a livable social structure—an ordered civil environment and optimism about the future—qualities conspicuously absent in similarly distressed communities without a development process. Such non-material

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outcomes are usually encompassed under the rubric of empowerment, an unhelpful term with multiple meanings that scores higher in resonance than clarity. Community esprit, a term that better describes these outcomes, arises from collective effort and shared goals, from mutual regard and a common stake in self-built and self-managed turf. The communitarian movement, the kibbutz, the classic trade-union cooperative housing and, in lesser degree, the homeowners association represent different aspects of that esprit.

A prime example of this community transformation is the South Bronx, which in our time supplanted Calcutta as the planet's sinkhole. Twenty years ago the sole points of light visible from this graveyard of neighborhoods were the flames shooting up from torched buildings. Today it is possible to speak of a Bronx revival, of housing resurrected from the ashes, a community poised on the cusp of new and unsubsidized private investment.

The twenty-year history of the Mid-Bronx Desparados (MBD) CDC illustrates on a small scale the extraordinary transformation that has occurred in an area made famous by Jimmy Carter's visit in 1977 and by subsequent visits of presidential candidates, including Ronald Reagan, all designed to dramatize the horrendous character of the urban crisis. Charlotte Street, the site of these photo-op political stunts, now has ninety privately owned, white picket-fenced ranch houses. These are surrounded by upwards of a thousand tastefully rehabilitated and well-maintained apartments and several hundred units of single-family townhouses and two-family homes. Block after block of once vacant, rubble-strewn, abandoned lots are now totally built up, their housing rehabilitated and occupied. Comprehensive community building plans that go beyond housing are currently underway in collaboration with five contiguous CDCs of similar size and experience. The program, known as the Comprehensive Community Revitalization Program (CCRP), is being funded by a consortium of national and local foundations and is designed to improve the delivery and quality of human services, strengthen community organization, stimulate economic development, and in every possible way improve the quality of life in this once God-forsaken turf.

In neighboring New Jersey, the central ward of Newark was the site of one of the worst race riots of the late sixties. Like the

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South Bronx it was considered to be beyond redemption. Twenty-five years later the central ward's New Community Corporation (NCC), with a capital base in excess of $200 million, has built, owns, and manages upwards of 2,500 apartments, and employs more than 1,200 people in a wide range of service areas including housing, public safety, health, child care, transitional housing for the homeless, employment and job placement, and economic development. NCC is now a joint venture partner in a profitable Pathmark supermarket that serves more than 50,000 customers a week and employs more than 200. Market test evidence that NCC has achieved an enduring measure of stability and success is underscored by the location of a successful for-profit development of more than 1,000 middle-income condominiums immediately contiguous to the NCC development area.

Thus we observe the community development process in motion. It grows more sophisticated with time and experience. Success accelerates the growth of this new community institution and enables it to take on new responsibilities, including concern for human resource and community safety needs. Here now is a positive force in the community that grew from the ground up, and around which other positive forces can coalesce. This is the dynamic that ultimately lays the foundation for the social controls and the stability crucial to the viability of that community's economy and social structure. If the process takes hold, at least one other important thing happens: investment potential. Commercial activity begins; stores begin to rent up; in the best of these situations, supermarkets, for example, begin to show an interest in investing, even joint-venturing with the CDC in providing critical shopping services and jobs to that community. Again one thing leads to another, and in time a stronger community with social and economic vitality emerges. But unless one observes this process as it unfolds it is difficult to grasp the significance of what is occurring. There is little in the disciplines of urban economics or social planning that can explain the subtle play of forces at work in this dynamic of community revitalization.

It doesn't always work. It surely never works smoothly. This is a difficult environment in which to operate. The lesson that repeats over and over again, however, is that unless this process of community rebuilding *from within* takes root effectively, ex-

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ternal assistance, no matter how generous, is likely to be overwhelmed by the sheer weight of community disorganization. The odds against success in such troubled environments are formidable. Yet thousands have been swimming against this tide over the last several decades, and their numbers keep growing. Though resources, in comparison to the past, are sparse at the federal level, local government and the corporate and the philanthropic communities have steadily increased their financial support for these yeoman efforts. Not enough yet to qualify for "scale," but the rate of growth by any measurement is steady and constantly increasing.

Public policy and social organization

As stated earlier, rarely has public policy grappled with the crucial if elusive issues of social organization, without which brick and mortar investments are as nothing. To be sure there is no end of references in the literature to community disintegration, to the dysfunctional neighborhood, and to the rupture of family structure. Efforts to cope with these problems have produced repeated readaptations of yesteryear's tried and failed strategies in a perpetual quest for something new and better. At times the answer points to greater compassion for the poor; more recently and often it is a plea for basic value changes in society, with remarkably few clues on how that is to be achieved. Just as often, the result is sheer frustration, and heightened skepticism of the efficacy of social intervention.

One difficulty is assigning practical content to the concept of social organization. At its core, field experience suggests, social organization is about the ways in which people behave in relation to their neighbors and community. It is about how neighbors organize themselves to deal with problems that go beyond food, shelter, and clothing. Any one or more issues can serve as the rallying point—the quality of the schools, or its PTA, or adult literacy. Or settlement houses. Or recreation facilities, such as boys and girls clubs, the Scouts or Little Leagues. The list extends into economics, to credit unions, loan societies or "kinship pools." To crime and safety—watch patrols, collaboration with community policing, anti-drug or anti-prostitution efforts. Building maintenance—tenant organizations. Art and culture—choral groups and folk art. The environment—waste incinerators

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and parks. The inventory of what brings people together, that knits the fabric of what most of us think of as a good community, seems endless. It, of course, includes something as simple as that heard again and again from many who believe that they benefited from having grown up in a good neighborhood—that one could always count on the neighbor to keep an eye out for the kids.

The difficulty in linking social organization to public policy, experience instructs us, is that social organization cannot be legislated. It must originate and grow organically from the ground up. It can be facilitated by community organizers or specific social interventions from outside, but it starts from the presence of a combination of natural stimulants within the community. These are usually present, even in the least expected places, but are often suppressed by negative forces. If the latter is the case, something must happen to cause these elements to surface and serve as a magnet for the coalescence of the latent positive forces that are often buried under long accumulated social rubble. If, on the other hand, the natural positive elements are active, and are, in addition, strong and already operational, the best social policy might be to get out of their way or, at most, find ways to compensate for their weaknesses or reinforce their natural strengths.

The obvious sense of encouragement shared by those who have observed these fragile development organizations seize and hold their hundreds of "beachheads" in the inner cities across the country stems from a conviction that their efforts can make a difference and can help people who are ready to help themselves. They rely on ordinary folk willing to put their bodies on the line to try to make things better, and to do it in a sense with the sweat of their brow. And most refreshing of all is a social mission free of ideological or theoretical or theological axe-grinding. It's local; it's a big dose of self-help; it's about a home for a family—no matter how fractured; it's for clean apartment buildings, and no more graffiti, vandalism, shooting, or drugs. Above all it's for achieving these goals as part of the neighborhood residents' civic responsibility. This, in short, is the living expression of that much vaunted social contract.

The achievement to date in community development, although moderate, does not come free. The Low-Income Housing Tax

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Credit (LIHTC) has become the primary subsidy tool for low-income housing production. It has the advantage of all government financing by tax incentives—average voters do not see it unless they look hard, as attested by the approximately $50 billion tax incentive most of us enjoy known as the mortgage interest deduction. But the LIHTC costs. And so do CDBG and the various HUD subsidy programs that are still alive. And, obviously, recently enacted empowerment zone legislation also has a price tag. Though self help, local initiative, and private and local resources are essential ingredients of community development, it can't make it without serious federal support. The test of whether these costs, whatever they turn out to be, are effective will turn on the ever increasing ability of these emerging community development instruments to make the difference where all prior efforts of the last thirty years have come a cropper. This quiet, almost unnoticed, and not particularly well understood new tool, the CDC, shows promise that it could be that critical variable.

Budget pinch or no, government aid for urban salvation is sure to continue at a more than trivial scale, if only as a matter of inertial momentum, or as the reflexive response to embedded constituencies. The rationale for aid would be immeasurably strengthened, and the efficacy of aid heightened, if an appropriate portion of it were targeted on CDCs and other zones of emergence. Given political imperatives, it is naive to think we can adopt an urban triage, to refrain from directing resources to prosperous urban places where they are not needed and to leaderless urban sinkholes where they will be largely wasted. Given that Congress has enacted the Clinton administration's enterprise/empowerment plan, the administration now has a rare opportunity to choose fertile soil, to give extra weight in the selection process to those urban emergents where people, place, and social organization elements are in approximate balance; where there is, in other words, a proven capacity to convert resources to productive use.

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Erotic adventures of the mind

DIANA SCHAUB

IN THE FINAL LINES of *Love and Friendship*,† Allan Bloom tells the story of a lecture at which students unveiled a banner declaring "Great Sex is better than Great Books." Bloom's response: "Sure, but you can't have one without the other." To be humanly satisfying, the intercourse of bodies depends on the activity of the mind or soul or imagination.

The adjective which usually accompanies sex today, especially on college campuses, is "safe" not "great." While the counselors mean "safe" to be taken in a physical sense, Bloom is more struck by the preoccupation with psychic safety. Condom or not, modern couplings are self-protective: the very casualness of it all is indicative of timidity and an unwillingness to hazard serious engagement. Longing, devotion, sacrifice, danger have disappeared and with them has gone amplitude of soul, the full sweep that connects the depths of our being with the heights.

With the natural lines of communication between the low and the high severed (by debunkers like Freud and Nietzsche), eros undergoes a kind of detumescence. The lower end of the erotic experience has become "sex," a physical act stripped of its emotional meaning, and thereby rendered thin and flat and scientific (alternatively, sex may be livened up by brutality to become "screwing"). The upper end of the erotic experience is no longer recognized as such. The great books are read either as unconscious manifestations of their authors' neuroses or as power plays by dead white European males. There is now no point of contact between the real concerns of individuals (who in their untutored way continue still to seek human connection) and the academic theories foisted upon them.

It is this "fall of eros" which Bloom addresses. If *The Closing of the American Mind* diagnosed the problem, *Love and Friendship* delivers the cure. It is not an institutional cure—not, for

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instance, a proposal for a Great Books curriculum. It is instead a very personal witness of the place a few select books assumed in Bloom's own life and self-understanding. There are long essays on Rousseau's *Emile* and Plato's *Symposium*, with shorter essays on Stendhal's *The Red and the Black*, Austen's *Pride and Prejudice*, Flaubert's *Madame Bovary*, Tolstoy's *Anna Karenina*, Montaigne's "Of Friendship," and five Shakespeare plays (*Romeo and Juliet, Antony and Cleopatra, Measure for Measure, Troilus and Cressida,* and *The Winter's Tale*). Bloom conveys very palpably the excitement these books can offer, the kinds of questions they raise, the insights they prompt. While Bloom's involvement with these books is intense and long-standing, it is not exclusive; he invites the reader to a ménage à trois. The sentimental education one experiences is a refutation of all the fiddlers and debasers.

This is not to say that Bloom's interpretations are always persuasive. Despite his penetrating criticisms of Romanticism, and the psychological acuity he demonstrates in uncovering romantic illusions, there is, in Bloom, an irrepressible, almost swooning self-identification with figures like Julien Sorel and Emma Bovary. Moreover, he believes that their creators identified with them as well: "Julien seems to represent the fantasy life of Stendhal, what this unprepossessing writer would like to have been like"; "Emma and Flaubert are full of longing for ideals that cannot be.... They share defeat." However, even taking the full measure of the artist's hatred for the bourgeoisie, why must that lead either artist or audience to embrace the defective, alienated beings that the bourgeoisie extrudes? Indeed, one objection against the bourgeoisie might be that all it produces in reaction is the anemic and febrile Emma. Alternatively, one might, like Bloom, acknowledge the essential identity of Flaubert and Emma, but, unlike Bloom, see it as grounds for aesthetic and moral criticism. Henry James is a reliable guide here.

> Our complaint is that Emma Bovary, in spite of the nature of her consciousness and in spite of her reflecting so much that of her creator, is really too small an affair.... [Flaubert's] "gift" was of the greatest, a force in itself, in virtue of which he is a consummate writer; and yet there are whole sides of life to which it was never addressed and which it apparently quite failed to suspect as a field of exercise. If he never approached the complicated character in man or woman—Emma Bovary is not the least little bit complicated—or the really furnished, the finely civilized, was this because, surprisingly, he could not? *L'âme française* at all events shows in him but ill.... This touches on the strange weakness of his mind, his puerile dread of the grocer, the *bourgeois*, the sentiment that in his

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> generation and the preceding ... sterilized a whole province of French literature. That worthy citizen ought never to have kept a poet from dreaming.

Stendhal, Austen, Flaubert, and Tolstoy are all read in the rather broad wake of Rousseau. None of them, with the exception of Tolstoy, is held to be an unadulterated Rousseauan, but Rousseau's influence, even when his ideas are being rejected or corrected, is insisted upon. Bloom's familiarity with Rousseau is intimate and immensely fruitful. The most absorbing of the short essays in Part I covers perhaps the least likely of Rousseauans, Jane Austen.

BLOOM'S TASTE in Shakespeare runs to the tragic. He provides essays on all the plays with eponymous love pairs: *Romeo and Juliet*, *Antony and Cleopatra*, *Troilus and Cressida*. The only comedy he discusses, and that a dark one, is *Measure for Measure*. If, as Bloom says, our prospects for a serious education of the sentiments depend on our ability to cleave to Shakespeare, one might have expected more attention to those plays in which we are given guidance in the civilized, or artful, reconciliation of eros and *nomos* (that is, love and the law). Despite Bloom's enraptured accounts of star-crossed couples, the desirability of you-and-me-against-the-world loves is open to debate. Both *Measure for Measure* and *The Winter's Tale* reveal possible agents (namely, fear and religion) in the domestication of desire, but Bloom might have indulged us by presenting one of the many comedies in which conjugal love is vindicated in a distinctly more imitable fashion. Perhaps this is really just a fond wish for one or two more Bloom essays on Shakespeare.

As with the essays in Part I, the Shakespeare section is rife with the observations of a lifetime of study; there is much to be learned and much to be challenged. This is a book that, in its own exuberance, calls forth a matching exuberance in the reader. The boldness of the readings does not aim to overpower, but to elicit a response, and especially to elicit a longing to return to the originals.

More interesting perhaps than any single chapter, and the delights or dilemmas thereof, are the questions raised by the book's overall motion, which is clearly meant by Bloom to be an ascent. He begins by reviving the most serious erotic teaching of recent vintage—that of Rousseau and his Romantic descendants. Beginning from sex, Rousseau arrived at love, via the route of imaginative idealization or sublimation. With the proper sex edu-

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cation, natural man—solitary, desiring, self-regarding—can become marriageable man. The gap between self and other can be bridged. Rousseau clearly follows Hobbes in assigning priority to the bodily pleasures and pains and in making reason subservient to the passions. One consequence of this demotion of reason is the loss of any independent, higher ground for friendship (friendship, unlike romantic love, does not have "a natural organ of satisfaction"). In Rousseau's radical reconstruction of love, friendship becomes strictly ancillary to romance—every lover needs a confidant. Friendship, particularly same-sex friendship, becomes conspiracy (the ever-suspect "night out with the boys") rather than communion (or *synousia*, being together). At best, love and friendship might be conjoined in the perfect marriage, although, as Bloom notes, conjugal friendship is a rather different thing, based on complementarity rather than likeness, and overwhelmingly concerned with a joint endeavor rooted in necessity, namely, the cares of the household, including children.

Problematic as Rousseau's project may be (on both the love and friendship scores), the collapse of this grand illusion—"the harmonious union of sexual desire with love, marriage, and friendship"—has consigned us to our present loveless and friendless state. The attempt to construct a space for profound human connection upon the solitary premises of modernity has failed. Bloom's sympathetic survey of the ruins is meant to convince us of the need to look elsewhere.

In Shakespeare, Bloom finds a truer, more natural account of erotic phenomena. The variety of erotic (and by extension domestic or familial) possibilities is shown to be linked to the variety of regimes and religions (East and West, pagan and Christian, ancient and modern—they're all there). Women in particular are presented by Shakespeare in manifold glory, from the matron Volumnia to the temptress Cleopatra to the redemptive Hermione. Shakespeare's globe, unlike our current carnival of multiculturalism, develops our powers of judgment along with our powers of appreciation. Our eyes are opened to the permanent love of the beautiful underlying the variety of human types and forms of love. In both this section's opening and closing paeans to Shakespeare, Bloom argues that Shakespeare's comprehensive naturalism may be our deliverance. It is not that Shakespeare himself had any such plans: "Shakespeare has no project for the betterment or salvation of mankind." His superiority consists in his forswearing of didactic intent. Lacking a theoretical framework, Shakespeare is faithful to the things themselves. He is a true recorder of the human experience, and hence

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ever fresh.

Inasmuch as Shakespeare does not, like Rousseau, leave us unsatisfied, we are perhaps not compelled to seek the arms of the ancients. Indeed, one might argue that Shakespeare seems to transcend the ancient/modern distinction and moreover, that he, as much as Plato, meets Socrates' demand, at the end of the *Symposium*, for a poet who can combine tragedy and comedy. Accordingly, in order to get to Plato, Bloom inserts a curious and unnumbered chapter entitled "Interlude on Two Strange Couples: Hal and Falstaff, Montaigne and La Boétie." The interlude is about friendship, a subject little mentioned until this point. Falstaff is treated as a comic reprise of Socrates, with Prince Hal in the role of Alcibiades. The teacher/student relation (as well as the ruler/ruled relation) is an example of a friendship between unequal partners. Montaigne and La Boétie, by contrast, are an example of philosophic friends—full equals, sharing in the pursuit of truth. (Not even the Platonic dialogues provide this; in them, we see Socrates' pedagogy—his intercourse with unequals—but we never see him in conversation with Plato.) For Montaigne, Love and Friendship is more accurately Love *or* Friendship. Erotic love and brotherly love (*philia*) are both great goods, but not necessarily compatible. As Bloom says: "In order for there to be friendship, there needs to be a rare leisure, and in addition, the institution of marriage has to have a limited status unlike our imperial version of marriage and the family." One must choose, or if not choose, then at least be clear about the rank-ordering of one's affections. For Montaigne, the involvement with La Boétie was exclusive and all-engrossing, far outweighing his marriage. He clearly considers the conversation of like-minded individuals to be superior to the congress of bodies.

THIS INTERLUDE, with its glimpse of the teacher and the friend, leads us on to Plato and that most famous account of a drinking together (*symposium*) that became a talking together about the meaning of being together (*synousia*—which like our word "intercourse" has both an intellectual and a sexual meaning). The *Symposium* is the Greek version of wine, women, and song: namely, wine, boys, and speeches. This matter of boys is a serious one, which Bloom treats forthrightly and at length. Man/boy love was conventional, although not altogether legal, among the Greeks, and was thus the unavoidable beginning point of a discussion about love. But as always when Socrates is present, the conventional opinions about things are transcended in the course of the dialogue. Bloom reveals the deficiencies in the

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defenses of pederastic practice offered by two of the speakers, Phaedrus and Pausanius. Yet, Bloom also quite emphatically declares that pederasty "has a certain connection with philosophy." Indeed, when he contrasts the Greek way to the Biblical way, Bloom speaks of homosexuality, politics, friendship, and philosophy as forming a cluster of interrelated ideas and practices essentially invented by the Greeks and opposed to the parallel cluster of heterosexuality, family, law, and religion among the Jews. The contest between Athens and Jerusalem begins, or so it seems, in sexual preference. Heterosexual desire finds fulfillment in the family, supported by the law, which is derived ultimately from God. Homosexual desire, in its distance from the family, is connected to the *polis* or city. The republican form of rule in the Greek cities arose in opposition to the patriarchal rule in the family or clan. Friendship also, as a freely chosen connection, exists in a kind of opposition to the given relations of the family. It is possible only after the advent of the city. So too philosophy:

> For the Greeks, who, for the sake of political and intellectual freedom, questioned the family and even the law, precisely those desires and yearnings that collide with the family and the law become the core of Eros, which in turn metamorphoses into the passion for free self-discovery.

While the arguments of "vulgar pederasty" are inadequate, Bloom insists that there is a divination of the truth in the positions of Phaedrus and Pausanius. Accordingly, he says of teaching that: "It is a very high vocation, but one that begins with what is thought to be a low one, the desire to possess bodies." Speaking of Socrates and his pupils, he insists on "his real attraction, beginning with their bodies but ending with their souls. Only the man practiced in the first powerful attractions that begin with the body will be capable of this transition." Bloom's rendition of the teacher reminds one of Rodin's statue of Balzac, which beneath the encompassing bronze cloak, unbeknownst to the onlookers, has the great author grasping his erect penis. Just as Rodin believed sexual energy to be the primal source of artistic creativity, Bloom seems to argue that sexual desire is the primal source of tutorial interest in the young. I'm not convinced. It's like saying that incest is the spur to parenting. Incest may well be a natural desire, but admitting that does not require us to hold that fathers and mothers engage in child-rearing out of sublimated incestuous desires. Similarly, instead of pedagogy arising out of pederasty, pederasty can be recognized as a natural temptation, but nonetheless, a distraction from or distortion of true

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pedagogy. The first law of the family, the one that makes the family possible, is the proscription against incest. The first law for teachers, the one that makes education possible, is the proscription against pederasty. This, after all, is what Alcibiades gives such eloquent testimony of. It was the beautiful Alcibiades who sought unsuccessfully to seduce the wise Socrates. It is not virtue that bows to loveliness, but the reverse. The neediness of the teacher is for receptive minds, a need quite distinct from that for a receptive body.

IT SEEMS TO ME that Bloom in the end cannot shake his long discipleship to Rousseau. He has Plato doing what Rousseau was unable to, constructing the high out of the low, and doing so by "beginning with the real bodily sexual attractions of individuals for one another." But if the sublime really exists, we don't need sublimation. One can see both high and low, see the place for both, even see the way individuals might need to be led from one to the other, without deriving one from the other. Instead of arguing for pederasty as the spur to philosophy, why not instead say that the Greek practice of pederasty made it more difficult to understand Socrates, that is, to understand the possibility of an independent eroticism tied to speeches? To put this in the terms of the *Symposium*, it seems to me that Bloom confounds the Aristophanean longing for erotic union, here and now, with Diotima's erotic longing for immortality, realized through pregnancy, real or spiritual. Man and woman through their coupling produce a child in whom their own being is commingled and continued. Analogously, the teacher's congress is with the truth; the truth is one's other half, not the student. The student is the spiritual heir of that ongoing union, who will in turn seek to wed with truth and continue the generations.

Quarrels and cavils aside, one cannot but be charmed by this book. Allan Bloom talks with us about the most important things: the love of one's own, the love of the beautiful, the love of the good, families and lovers and friends, all of the delights, dangers, and difficulties of human connection. He shows how the quest for self-knowledge can truly be the erotic adventure of a lifetime.

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Spiritual politics

GLENN C. LOURY

STEPHEN CARTER, the Cromwell Professor of Law at Yale University, is one of the more interesting new voices in the legal academy. In a stream of articles, essays, and reviews over the last decade, Mr. Carter has addressed with insight and verve a number of fundamental issues in constitutional jurisprudence. The breadth of his inquiries and the quality of his intellect are genuinely impressive.

His politics are liberal, though not reliably so. Thus, his first book, *Reflections of an Affirmative Action Baby*, caused a stir two years ago when he provided only qualified support for that controversial policy, while critically appraising its impact on blacks who, like himself, have been its beneficiaries. Now comes *The Culture of Disbelief*,† an ambitious and courageous commentary on the legal and political status of religion in American life. With this latest offering Mr. Carter walks straight into the fire storm of controversy that has raged so fiercely in our politics for the past quarter-century over cultural issues. It is doubtful that he can emerge with his liberal credentials intact, notwithstanding some heroic efforts at preserving them.

Of course, Mr. Carter is a nominal dissenter from most conservative positions in the cultural wars. He is against prayer in the schools, is "moderately" pro-choice, supports greater social welfare spending and, as a member of the Episcopal Church, has favored the ordination of women. But he also takes issue with those liberals who denounce the Christian Right *because* it is Christian, and who see religious activism in politics as a threat to "the American Way." Indeed, Mr. Carter is alarmed at the open animosity many liberals feel free to direct toward those religious persons who would participate in our public life. Among the many examples of this animus that he cites is the comment of Florence Kennedy, a member of the board of the National Organization for Women, who, in the wake of Clarence Thomas's nomination, declared that there were too many Catholics on the

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Supreme Court. (In a rather clumsy effort at damage control, he hurries to inform us in a footnote that he did not support the Thomas nomination, and even that he is a believer of Anita Hill's story—views of no relevance to his substantive argument.)

The most interesting and persuasive aspect of his argument that conservative Christians should be received as legitimate (if, to his mind, mistaken) participants in political debates is his recollection of an earlier movement of religious activists with political ambitions—a movement that marches under the banner of civil rights. When Christians and Jews openly invoked the Almighty in their effort to overturn segregation, they enjoyed enthusiastic support on the Left. They were not criticized for seeking to impose on the country a moral vision grounded in their particular interpretation of Scripture, though that is clearly what many of them sought to do. Mr. Carter asks why, if Martin Luther King, Jr. could legitimately call on God's name and His word when addressing matters political, should not Pat Robertson also be able to do so?

Mr. Carter's criticism of Pat Robertson and company is subtle, no doubt too subtle for many of his readers. He objects not to the fact that Robertson invokes the word of God, but to the way in which he interprets it. This, of course, is an argument only a believer would make, and Mr. Carter confesses his faith throughout the book. He is saying, in effect, that the alignment in American public life of strong religious conviction with a right-of-center political position is a recent and dangerous trend; and that liberals have wrongly responded to this trend by attempting to discredit as presumptively intolerant any public discourse rooted in religious belief. He does not fear conservatives who bring their God-talk into the public square because, having read his own Bible, he is prepared to answer them in kind.

Here, then, we have that rarity—a liberal lawyer inclined to counter religious conservatives on theological rather than procedural grounds. Thus, his problem with the "political preaching" at the Republicans' 1992 convention was that the speakers trivialized the role of religion. He faults them for acting so as to make religion *less* politically influential. His reasoning is that, because the will of God is not predictable, those who genuinely seek His guidance on matters political, through prayer and meditation, should occasionally be surprised by what they hear. When they are not, when it turns out that religious reflection always supports one side of the partisan political divide, then one suspects that their religion is in the service of their politics, and not the other way around. That the Christian Right is so predictable

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therefore undermines the credibility of its religious witness.

This argument applies with equal force to "political preachers" on the Left. Unfortunately, Mr. Carter does not fully develop this theme. For example, the vaguely religious rhetoric of Jesse Jackson—exemplified by his speech at the 1992 Democratic Convention in which he likened Dan Quayle to King Harrod, and evoked the abortion issue in the context of Mary giving birth to Jesus—certainly devalued the currency of public religious argument. And, although Mr. Carter disapproves of how the national media often overlook the extent, and the conservatism, of religious belief among black Americans, he has nothing to say about how black political leaders—many drawn from the pulpit—give only muted public voice to the social conservatism of their own religious tradition. Neither does he remark upon the plain fact that success within the Democratic Party requires a politician either to mute his religious voice, or to put it in the service of the liberal cultural agenda. Arguably, this abdication of the exercise of independent moral judgment by believers within the Democratic Party (with some noteworthy exceptions, of course) is more damaging to the authority of religion in our politics than is, say, the inflexible pro-life stance of conservative Christians in the Republican camp.

IN ANY CASE, Mr. Carter seems not fully to appreciate the implications of his position. For, even as he rejects the political content of the public interventions favored by religious conservatives, he ends up giving tacit support to their cultural position—a deep dissatisfaction with the dominance of secular ideas among our policy elites. He writes with an admirable sympathy for those with whom he disagrees. At one point he declares: "The truth—an awkward one for the guardians of the public square—is that tens of millions of Americans rely on their religious traditions for the moral knowledge that tells them how to conduct their lives, including their political lives."

He sees this not as a cause for despair, but rather as a reason for hope. One can almost hear the cries of "Amen" echoing across the Bible Belt, mixed with audible sighs of disappointment issuing from his Ivy League colleagues. At stake here is a conflict over the legitimacy of a public discourse rooted in explicitly religious values. By urging the appropriateness of such a discourse, Mr. Carter cedes substantial leverage to the political Right. When the issue was nuclear weapons, or socialism in Latin America, invoking the Bible did no harm to the liberal cause. But when the issues are homosexuality and abortion, can there be any

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doubt that the net effect of conducting public debates in religious terms is to favor the conservative position? The exegetical skills of Mr. Carter, or of his fellow Episcopalian, the Rev. Peter Gomes (Plummer Professor of Christian Morals and Pastor of Memorial Church at Harvard, who now openly professes his homosexuality), may carry the day in New Haven or Cambridge, but they are unlikely to persuade those "tens of millions" of devout Americans who keep busy that legion of religious broadcasters now active across the nation.

IT IS NAIVE to think that the symbolic vocabulary of public discourse can be divorced from the substance of policy formulation. Yet Mr. Carter writes as if this were so. Nevertheless, the framing of political discussion is crucial. The more that spiritual themes and religious values are brought openly into the public square, the weaker will appear all those liberal arguments to the effect that people must be able to pursue any "lifestyle" that suits them without the discomfort of being judged for making what many Americans regard as an immoral choice. If the "culture war" is fought within the terms of a religious discourse—both sides starting with the same Bible, but defending different conclusions—then the Left will certainly lose. This is, in my view, why liberals are seen so often to attack the authority and the relevance of religious traditionalism whenever its exponents—Pope John Paul II in Denver last summer, for example—critically discuss questions of sexuality.

Mr. Carter thinks that the current alignment of religious activism with conservatism derives from the politics of abortion. He suggests that, because the pro-choice position is now so fundamental to liberal politics, and because pro-life activism is driven largely by religious conviction, it has become necessary for liberals to impugn the legitimacy of their opponents' religious *motives*, not simply to reject their political position. Mr. Carter thinks this attack on motives is unsound. But he must proceed cautiously. He begins by declaring that, "like most Americans," he supports a woman's right to choose. The phrase "like most Americans" is revealing. By suggesting that the relative popularity of the pro-choice position is a justification for it, he seems to undermine his argument for the propriety of basing political judgments on religious conscience. Evidently this is a price he is willing to pay to put some distance between himself and the pro-life folk, whom he goes on to defend against the anti-religion sentiments of many in the pro-choice camp.

He recalls how, when Cardinal O'Connor suggested that some

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Catholic politicians might risk excommunication if they continued to support abortion, a howl of protest arose from the usual suspects, denouncing the Cardinal's intervention as inappropriate and coercive. Yet some three decades earlier a number of southern Catholics actually were excommunicated for their opposition to integration, an action that drew no protest from civil libertarians then, or since. We may not agree with the pro-lifers' position, he says to liberals, and we may not approve of their methods, but we must not base our rejection of their public claims on the fact that they are religious people. It is a telling commentary on our times that this obvious observation will be controversial in some quarters.

Mr. Carter's discussion of abortion becomes especially interesting when he defends the validity of basing a pro-life stance on a religious belief that the fetus is a human person. He concludes that any intellectually defensible case for abortion must be "based on an approach that allows abortion *even if the fetus is human.*" He notes that nothing in the Constitution requires the government to punish, or to punish equally, every taking of human life. He implies that the goal of sex equality for women is of sufficient import to warrant the overriding of the fetus's claim to life, were we to acknowledge its personhood. One can admire the candor and intellectual consistency of this position, even while doubting, were the political debate to be framed in these terms, that the pro-choice argument could possibly prevail.

ALTHOUGH MR. CARTER is on solid ground when defending the legitimacy of pro-lifers' motives, his explanation of the origins of the liberal antagonism toward religion in politics leaves much to be desired. The secularization of American public life predates the advent of the abortion issue by decades. The rise of radical feminism, gay activism, and cultural relativism surely has something to do with the diminished respect that intellectuals are willing to accord the religious beliefs of ordinary people. Also, Mr. Carter says far too little about the class dimensions of this development. He focuses on elite opinion, and thereby fails to appreciate the extent to which a modest conservative revival amongst Christians and Jews is taking place throughout the country, even as Washington, New York, and Hollywood continue in their respective ways to trivialize religious faith. And, while mainline Protestant denominations are losing members, the Pentecostal and charismatic movements are going strong. He also says too little about two developments of the 1960s—the countercultural assault on authority and the sexual revolution—which certainly

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bear on the growing contempt shown toward traditional religious views by "progressive" political activists. It well may be that the deep conflict in our public life over the issue of abortion is more effect than it is cause of the secularization of liberal political discourse.

At a more general level, Mr. Carter makes a two-pronged argument for his case that religious citizens deserve respect (if not always support) when taking political positions rooted in their faith. First, he notes that religiously motivated political activity enhances liberty in a democracy by fostering resistance to state power. "A religion is, at its heart, a way of denying the authority of the rest of the world," he observes. Such civil disobedience, whether on behalf of the anti-segregation cause a generation ago or the anti-abortion cause today may, of course, lead to excesses that Mr. Carter would not defend. Still, overall he judges that we are better for the presence among us of deeply committed believers prepared to act on their convictions against impositions of state power, and to accept responsibility for those actions.

Secondly, he suggests that because religious belief is so fundamental an aspect of personal identity, to discourage citizens from citing religious reasons for their political positions is to "force the religiously devout to bracket their religious selves before they may enter into politics." This, he urges we must never do. Insisting on strictly secular arguments in public life in effect forces the religious among us to "pass" as secularists—that is, to affect a false identity—when acting as citizens. A religious worldview ought not be regarded as a "forbidden epistemology" in public discourse. We must not privilege secular ways of understanding the world in public debates, he argues, if we are to show tolerance for our nation's spiritual diversity.

These last arguments raise difficult philosophical questions which, in my view, Mr. Carter handles poorly. Indeed, though he cites a range of academic sources on these philosophical issues, his treatment of them seems the least satisfactory part of his argument. He writes in defense of religion in general, but in fact there is no generalized religious sensibility. There is only the cacophony of religious voices whose very discordant inconsistency ought to deny to any one of them a claim to *public* authority. (Their private authority for the believer is another matter.)

Thus, he worries that the deprogramming of cult members denies their religious freedom, even when the cult is as offensive in its practices as the unfortunate Branch Davidians who met their end last year in Waco. He rejects the claims to equal time

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in the classroom of the "creation science" movement, but only because it deals poorly with some purely scientific questions (such as methods of dating the age of the earth). That "creation scientists" begin with an account of the development of the earth and the origin of the species based in Christian religious doctrine is not disqualifying for him. His discussion of this topic leaves the reader unclear how, or whether, he would limit the intrusion of the mythologies of all manner of rival religious world views (those of various Native American tribes, for example) into the nation's science classrooms. When the topic is science it does not seem oppressive of believers to favor scientific epistemologies over religious ones.

Indeed, Mr. Carter's desire to avoid privileging secular epistemologies is deeply problematic when one considers the pluralism of religious belief. We reject the Christian Scientists' claim to be able to withhold medical treatment from their children precisely because we do privilege the epistemic view of medical science over that of faith healing. (Which is not to say that God cannot heal the sick, but only to acknowledge that one way in which He has chosen to do so is through the increased knowledge that the human race has been able to obtain about the functioning of our bodies!) Moreover, any argument *in favor* of the Christian Scientist position that parents should be free to deal with their children's medical ailments via strictly spiritual means will inevitably be advanced in secular terms (by, for example, citing the *evidence* that prayer really works, and not the relevant scriptural passages.)

AT NO POINT in this book does the author, a devout Christian, defend a legal position by reference to religious authority. His motives for taking one or another position on this or that legal question may draw on his religious convictions, but the reasons he offers to others as to why we should agree with his conclusions are invariably framed in secular terms. I think that Mr. Carter does a valuable service by arguing so cogently for the position that people motivated by religious belief deserve respect when they forcefully display their values in public debate. Yet, as his argument for this very position implies, to insist on the acceptance of a particular set of religious values (or, on the rejection of all religious values) as a precondition for having influence over policy shows disrespect for the autonomy of those who believe otherwise.

Therefore, no particular set of religious beliefs, no single religious epistemology, can be the standard for the adjudication

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of conflicting public claims. This seems to imply that, when we seek to persuade others of the rightness of state action which would enforce a common position on everyone, we should be prepared to give secular justifications for any such program. Our *motives* may rightly be religious, but the *reasons* urged upon our fellow citizens should, at least in those matters of greatest significance and broadest impact, include compelling secular arguments. This position does not force believers to deny their truest selves when acting as citizens, for the expression of their religious motives is in no way forbidden by my argument. I simply say that such expression is, and should be, inadequate by itself to the task of public persuasion about the exercise of state power in a pluralistic democracy.

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Dirty words

WALTER BERNS

THE WORLD HAS never had a good definition of liberty, and the American people, just now, are much in need of one." What Abraham Lincoln said in 1864 about liberty in general can be said today about liberty or (in the words of the First Amendment) freedom of speech: we are very much in need of a good definition.

That wasn't thought to be true a generation ago. Then—it seems like only yesterday—civil libertarians were confident that the Supreme Court had seen the errors of its ways and that there would be no more punishing of "mere speech," that is, ideas or advocacy at some remove from act or deed, Communist Party speech for example; and, while unhappy with the Court's exclusion of obscenity from the protection of the First Amendment, they had no reason to complain of its definition of the term. That definition guarantees that almost nothing is punishable because, however prurient, disgusting, vulgar, foul, filthy, lurid, lewd, or lascivious, almost nothing is obscene in the eyes of the law.

The principle governing the disposition of speech cases was (and officially still is) the one originally propounded by the venerable Justice Oliver Wendell Holmes, Jr., to wit, that the First Amendment guarantees "the free trade in ideas," and that free speech means freedom even for, in fact especially for, speech that we hate (or "loathe," as Holmes put it in the most famous of his dissenting opinions). Accordingly, judges might take account of the time, place, and manner (or the when, where, and how) of speech but not of the content of speech, or of what is said or expressed. So it is that we are free to read John Cleland's *Memoirs of a Woman of Pleasure*, otherwise known as *Fanny Hill*, as well as Jane Austen's *Pride and Prejudice*; that the Nazis may march in Skokie, Illinois, and the Irish in New York City; that Gregory Lee Johnson may express himself by burning the American flag in Dallas, Texas, and Martin Luther King, Jr. by organizing a bus boycott in Montgomery, Alabama.

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Until recently, this was the view of free speech accepted by all liberals. Then students started draping Confederate flags outside their dormitory windows, and the universities responded by adopting speech codes and requiring attendance at "sensitivity training" sessions where students and faculty alike were to be alerted to (and purged of) their racism, sexism, and homophobia. Apparently (although the universities would be among the last to admit it), conservatives were right all along: ideas do have consequences (some of them undesirable, even unacceptable), whether expressed in books, newspapers, pictures (including moving pictures), or shouted as imprecations from college dormitory windows. What to do?

The old civil libertarians had a simple answer to this: nothing. Ideas may have consequences, or speech may lead to acts, but who is to define those consequences or acts as undesirable or unacceptable? Not government. Not a government obliged to respect the First Amendment. Holmes became famous for making this point. "If in the long run [he wrote] the beliefs expressed in proletarian dictatorship are destined to be accepted by the dominant forces of the community the only meaning of free speech is that they should be given their chance and have their way." The point was echoed later by another famous civil libertarian judge, Justice Hugo Lafayette Black: "[E]ducation and contrary argument" may provide an adequate defense against communist or fascist speech, but if that "remedy is not sufficient, the only meaning of free speech must be that the revolutionary ideas will be allowed to prevail." Which implies that the "only meaning of free speech" is that it is worse to suppress the advocacy of Stalinism or Hitlerism than to be ruled by Stalin, Hitler, or their American disciples. Hence, Communist Party members may run for public office even though they refuse to file an affidavit saying they do not advocate the overthrow of government by force or violence.

BUT IF STALIN'S or Hitler's disciples may speak, or to put the question more plainly, may offer their ideas for our consideration, why not the campus disciples of Justice Roger Brooke Taney (who, in his opinion of the Supreme Court in *Dred Scott* v. *Sandford*, said that Negroes "had no rights which the white man was bound to respect")? In our capacity as private persons we may hate their ideas, but not, or so the argument goes, not in our capacity as citizens; the First Amendment requires us to treat all ideas as equal, as equally deserving of protection, which is to say, as equally deserving of respect. That

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may be hard to do, in some cases very hard, but civil liberty depends on our doing it. As Leonard Levy said in his influential book, *Legacy of Suppression*, "[f]reedom of speech could not become a civil liberty until the truth of men's opinions . . . was regarded as relative rather than absolute."

It is obvious that, defined in this way, freedom of speech cannot accommodate the demands of the enemies of hate speech and pornography; what is needed for that purpose is a new definition of civil liberty, or a new answer to the question, why protect speech, or why is free speech good? Enter now Catherine A. MacKinnon, professor of law at the University of Michigan and staunch supporter of campus speech codes. Her answer is, we shouldn't because it isn't.

It isn't because there is no separating speech from act, or, at least, despicable speech from despicable act. In *Only Words*†—the title is, of course, meant to be ironic—MacKinnon resumes the occupation that has made her famous in some circles and notorious in others, that of anti-pornography crusader. It is an obsession with her. Pornography, defined here as "the graphic sexually explicit subordination of women through pictures and/or words," is effect as well as cause, act as well as speech. Pornography is one of the means, perhaps the principal means, by which men not only express their contempt for women, but subordinate women, exercise power over women, commit violence against women; and in her world every man is a pornographer. She hates pornography—or would have us believe she hates it—because she hates men; she hates it with such a passion that she would do away with free speech itself. Speech "defines the lines within which much of life can be lived [and] speech belongs to those who own it, mainly big corporations," the male-dominated big corporations.

Obsessed with pornography, yes, but does she really hate it? She provides us with reason to doubt it. "To express eroticism," she writes, "is to engage in eroticism, meaning to perform a sex act." "To say it is to do it, and to do it is to say it." As she puts it later, "talking sex is having sex," and the fact is, Catherine MacKinnon talks a lot of sex.

She talks sex right off and never lets up. And some sex! Here is the book's first paragraph:

> Imagine that for hundreds of years your most formative traumas, your daily suffering and pain, the abuse you live through, the terror

†*Harvard University Press. 152 pp. $14.95.*

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> you live with, are unspeakable—not the basis of literature. You grow up with your father holding you down and covering your mouth so another man can make a horrible searing pain between your legs. When you are older, your husband ties you to the bed and drips hot wax on your nipples and brings in other men to watch and makes you smile through it. Your doctor will not give you drugs he has addicted you to unless you suck his penis.

Interestingly enough, the book was originally delivered as lectures before a university audience, and one can imagine the titillation, the *frisson* that swept silently but palpably through that audience of professors and students (or at least the males among them) as this very attractive woman spoke of "masturbating," "erections," "cunts," and "cocks" being sucked, and, repeatedly, of "a penis ramming into a vagina." Enough to set the nerves tingling or quivering with secret pleasure. In two respects, it's better than "dial-a-porn": no charge for this sex talk, hence no record of it on the monthly telephone bill. As for the professor herself, well, "if talking sex is having sex," what better way to have it than to talk it? It's easier than "having a relationship," and a lot easier than falling in love: no demands on you, no responsibilities, no risk of not being loved in return, no need to trust and therefore no jealousy, no sweat, no tears, no remorse.

BUT ENOUGH. This is an abominable book, but it would be foolish to dismiss it as the work of some feminist fruitcake. With her colleague Andrea Dworkin she drafts anti-pornography statutes that state legislatures adopt; she advises Canadian legal authorities; she appears frequently on television to defend campus speech codes; and she's the daughter of a distinguished federal judge. Her book is published by Harvard University Press, and comes with the usual collection of dust-jacket endorsements, some of them from reputable authorities and not all of them women. In the acknowledgments, she thanks, among others, Yale's Owen Fiss and Harvard's Laurence Tribe, no surprises there, but also Chicago's Cass Sunstein, the author of *Democracy and the Problem of Free Speech*.[†] One can only wonder what in the world he could have said or done to deserve this credit; he could not have agreed with what she wrote.

Whatever its failings—it is repetitive and, finally, not particularly useful—Sunstein's book is a far cry from from MacKinnon's hate-filled manifesto. It provides a careful analysis of the various situations in which the First Amendment is involved—campaign financing and broadcast licensing, for example, as well as campus

[†]*The Free Press. 300 pp. $22.95.*

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speech codes and pornography—in the course of which Sunstein promises a fresh approach toward the resolution of speech issues. Unfortunately, after much backing and filling, he ends up, more or less, where we are.

Consider his treatment of the issue that gave rise to a heated public debate during John Frohnmayer's tenure as chairman of the National Endowment for the Arts, that of public funding of the arts. His position here is a variation of the familiar Holmesian "free trade in ideas" principle: government may not refuse to fund works or projects because of the views they present or represent. Thus, the government may not refuse "to fund Nazi art, pro-slavery art, art of the Ku Klux Klan, or art glorifying rape and sexual violence, on the ground that the relevant causes are ... perceived to be abhorrent by a large segment of the community." This, he says, "would be inconsistent with the First Amendment guarantee, which is designed precisely to protect views that do not accord with conventional morality."

The same principle (again, more or less) applies to campus speech codes: racial, sexist, homophobic epithets may be banned, even by public universities, when intended merely as insults; insults may do damage to the "dignity and self-respect" of those at whom they are directed. But the same epithets, when uttered not frivolously or carelessly but seriously, as part of political debate or with political purpose, may not be banned. Here Sunstein claims to rely on Justice Louis Brandeis' "insistence on the role of free speech in promoting political deliberation and citizenship." Thus, the City University of New York may not discharge Professor Leonard Jeffries for his malicious, in fact vile, anti-Semitic statements, or as Sunstein would have it, his "apparently anti-Semitic statements." To discharge him on this ground would be to punish him for his "point of view," and this the First Amendment is said to forbid. As Holmes taught us, all ideas, all points of view, are equal and must be allowed to compete in the market. "Free markets are content-neutral," Sunstein says, which is one of their "major advantages."

Yet, there is a strange disjunction between his notion of how the cases should be decided and his notion of how we should go about deciding them. To decide them properly requires us to "reject Justice Holmes' 'market-place' conception of free speech [because it] disserves the aspirations of those who wrote America's founding document," principally James Madison. What is required is a return to the "Madisonian conception of free speech," which, he says, is linked to the American idea of sovereignty and "to a particular conception of democracy." As he would have it,

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Madison's Constitution created a system of "government by discussion," with no concern for the outcome of that discussion.

Sunstein is right about sovereignty, of course. It does reside in the people; the Declaration of Independence makes that clear beyond any doubt. Starting from the self-evident truth that all men are created equal (insofar as they are equally endowed by their Creator with certain unalienable rights), it follows that no man may rightly govern another without his consent. Hence, as the Declaration has it, to secure these rights, governments are instituted among men—and instituted *by* men—deriving their just powers from the consent of the governed. Thus, it was we the people of the United States who, in 1787, ordained and established the Constitution.

But Sunstein is wrong about our constitutional democracy. Ours is not a sterile Constitution; it is not, as Holmes would have it, "a Constitution made for people of fundamentally differing views" and indifferent as to whose views—Thomas Jefferson's or George III's, Abraham Lincoln's or Stephen A. Douglas'—prevail in the free market. The Constitution establishes a republican form of government. "It is evident," Madison wrote in *Federalist* 39, "that no other form would be reconcilable with the genius of the people of America; or with the fundamental principles of the Revolution...." It is also evident that republicanism requires free elections, and that one of the conditions of free elections is free speech, for voters as well as for candidates. When successful, those candidates become members of a legislative body where they are expected to speak and join in debate, and where their freedom to speak and debate is guaranteed; as the Constitution puts it, "for any Speech or Debate in either House, they shall not be questioned in any other Place." To this extent, then, Sunstein is correct when he says that the Constitution created a system of "government by discussion."

But he is not correct when he suggests that the Constitution is indifferent as to who prevails in that discussion. No one who understands Madison's argument in the tenth *Federalist*, for example, could believe that he was indifferent, or that he held the Constitution to be indifferent, as to the outcome of legislative debate. To say nothing more, Madison's Constitution was designed to discourage, and if possible exclude from that debate, those who are attached to "different leaders ambitiously contending for pre-eminence and power; [leaders who, by appealing "to the human passions"] have, in turn, divided mankind into parties, inflamed them with human animosity, and rendered them much more disposed to vex and oppress each other than to co-operate

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for their common good." Reading this, one might think that Madison had anticipated the mobs shouting "*ein Reich, ein Volk, ein Führer*" or calling for "a dictatorship of the proletariat."

Free speech, then, is good because it is a condition of *republican* government, or government by consent, but not all speech is conducive to republican government. Indeed, some speakers are avowed enemies of republican government; some of them are contemptuous of government by consent, or of the way we elicit it, or of some of those—Jews or the bourgeoisie, for example—from whom it is elicited.

I BEGAN THIS REVIEW by saying that we are very much in need of a good definition of freedom of speech. We might have had one from the beginning if John Marshall, our greatest authority on the Constitution and very much a republican, had been faced with the sort of cases that have come to the Supreme Court only in the twentieth century, cases coming mostly from the states and involving not only political but obscene or pornographic speech. When deciding those cases, Marshall might very well have looked at freedom of speech in the context of that provision in Article IV of the Constitution, which provides that "the United States shall guarantee to every State in this Union a Republican Form of Government." In doing so, he might very well have considered not only the form or structure of republican government but, as well, its conditions, by which I mean here the sort of citizen republican government requires or its viability presupposes. Like his contemporary on the Massachusetts bench who held that freedom of speech did not mean freedom to publish the pornographic novel, *Fanny Hill*, he might very well have concluded, but on grounds different from Catherine MacKinnon's, that pornography has, or may have, harmful effects—not only on the status of women but on the character of citizens and, therefore, on republican government. He might even have understood with Tocqueville that a decent democracy depends on sound mores, and that "women shape mores," and that they do this especially in the family. And he might very well have foreseen, what we today can plainly see, that the family is endangered by the kind of sexual freedom that pornography promotes.

But, unfortunately, Marshall never had the opportunity to decide a free speech case, and we have had to do with the likes of Oliver Wendell Holmes, who once wrote that "if my fellow citizens want to go to hell I will help them; it's my job."

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